Austria	Sch26	Indonesia	Rp3100	Philippines	Pes40
Bahrain	Din0.700	Iran	Rls210	Poland	Zl9,000
Belgium	BFr65	Israel	Shk3.50	Portugal	Esc150
Cyprus	C£0.90	Italy	L2000	Qatar	QR9.00
Denmark	DKr12.00	Jordan	Fils1000	S.Arabia	SR7.00
Egypt	E£3.25	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM8.00	Lebanon	L£[illegible]	Spain	Pta165
France	FFr7.00	Lux	LFr55	Sweden	SKr12
Germany	DM2.60	Malaysia	M$4.25	Switz	SFr2.50
Greece	Dr180	Morocco	Dh6.00	Thailand	Bht55
Hong Kong	HK$12	Neth	Fl3.25	Tunisia	Din0.800
Hungary	Ft107	Nigeria	Naira10	Turkey	L1400
Iceland	IKr180	Norway	NKr12.00	UAE	Dh7.00
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,151

Friday May 18 1990

D 8523A

UK POLITICS
Labour's strategic stairway to heaven
Page 18

World News

Iran and Iraq show signs of reviving peace talks

Iraq and Iran are moving to revive peace talks aimed at resolving the Gulf war, *suspended by an uneasy cease-fire since July 1988.*

An Iraqi daily, al-Qadissiya, said Iraq was prepared for a new chapter in its relations with Iran. Page 6

Lithuanian request

Lithuanian Prime Minister Kazimiera Prunskiene went to Moscow to try to open talks with the Kremlin on independence. She offered to suspend recent Lithuanian laws affecting issues sensitive to Moscow. Estonian ban, Page 2

Salvador initiative

Representatives of the government of El Salvador and the Farabundo Martí guerrilla organisation began peace talks in Caracas. Page 7

Guard on deputies

East Germany's parliament *was sealed off while in session* after death threats against prominent deputies, Interior Minister Peter-Michael Diestel said. Poll caution, Page 2

Israelis sentenced

A military court gave two Israeli soldiers suspended jail terms for kicking a 13-year-old Palestinian boy and stubbing out a lighted cigarette on him.

Capital shelled

Eritrean guerrillas in northern Ethiopia said they were shelling the besieged provincial capital of Asmara as fighting raged 19 miles away.

Travellers stranded

Hundreds of travellers were stranded in Tanzania after the national airline cancelled all international flights and cut domestic operations to carry out maintenance.

Euro-Africa rail link

A US company, Kaempen International Corporation, proposed building a glass-fibre tunnel on the seabed across the Strait of Gibraltar for a railway linking Europe to Africa.

Republic declared

Rebel leaders of the blockaded Papua New Guinean island of Bougainville declared independence, renaming it the Republic of Bougainville.

Rare Beethoven

A rare Beethoven manuscript, the 16-page first movement of the Sonata for Violoncello and Piano in A Major (Opus 69), fetched a record £528,000 ($887,000) in London.

Boat people hint

Hong Kong and the Association of South East Asian Nations joined forces to press the US and Vietnam to agree on mandatory repatriation of boat people. Page 6

Algerians back FLN

More than 100,000 people marched through Algiers to back the ruling National Liberation Front (FLN) ahead of June elections. Page 6

Wait for it...

Cyprus is considering a new use for soldiers conscripted into the National Guard — as waiters and barmen in holiday resorts. *The aim is to end illegal hiring of foreigners.*

Business Summary

Volvo's first quarter profits fall by 50%

Volvo suffered a fall of nearly 50 per cent in first-quarter profits for 1990. Scandinavia's biggest private sector company blamed the setback on a decline in car and truck sales and depressed margins, caused in part by rapidly rising *production costs and unfavourable* exchange rates. Income (after financial items) dropped to SKr1.05bn ($175m) from SKr1.99bn, while group sales slipped by 3 per cent to SKr21.67bn. Page 21

CZECH Government as agreed phased measures to establish a market economy. Page 3

BANQUE BRUXELLES Lambert, one of Belgium's big three commerical banks, announced that its half year pre-tax profits to end March rose by 6 per cent to BFr5.4bn ($156m). Page 22

US TEXTILE industry says it is prepared to give up its 30-year-old quota protection in the year 2001. Page 4

JAPAN'S merchandise trade surplus tumbled to $3.54bn last month, 51.4 per cent lower *than in April last year, mainly* because of a continuing slump in car exports. Page 6

ROYAL INSURANCE, UK composite, made a pre-tax loss of £79m ($133m) in the first quarter compared to a £45m profit over the same period last year. Page 21

NOBEL INDUSTRIES, Swedish armaments and chemicals group, is to pay SKr1.93bn ($322m) for Stora Kemi, process chemicals division of Stora, Europe's largest pulp and paper company. Page 22

HAWKER SIDDELEY, diversified engineering group, has acquired Eaton Technologies, specialist *manufacturer of* motors for the automotive industry, for $38m. Page 30

ELECTROLUX, Swedish group and world's leading white goods maker, reported negligible sales growth and a big drop in profits for the first quarter of 1990. Page 22

ROYAL DUTCH/SHELL, Anglo-Dutch oil group, said its net income in the first three months of 1990 dropped by 36 per cent to £816m ($1.37bn) compared with £1.28bn in the same period last year. Page 21

SWEDISH Central Bank cut the discount rate by 1 point to 11 per cent, a sign that the economy is starting to improve. Page 2

BANK OF IRELAND raised first quarter pre-tax profits to I£134.2m ($217m), up some 4 per cent on the previous year, but suffered reverses in the UK and the US. Page 28

JAPAN'S big four securities houses have reaped bumper profits from trading Eurodollar equity warrants. Page 21

WHITBREAD, UK brewer, reported full-year pre-tax profits of £260.2m ($436.8m), some 17 per cent up on last year's £223.2m. Page 27

SOGETI, controlling partner in Paris-based computing services group Cap-Sogeti-Gemini (CGS), has taken a majority interest in United Research, management consultancy with *headquarters in London and* New Jersey. Page 22

Western bankers fear growing settlement delays point to serious balance of payments problems

Moscow faces import payments crisis

By **Quentin Peel** in Moscow

WESTERN BANKERS in Moscow are increasingly convinced that the Soviet Union will be forced to reschedule its trade payments soon, because of widespread and worsening delays in meeting bills.

There is also a *growing conviction* among traders that the payments delays are a reflection not simply of administrative tangles caused by economic reforms, as the authorities claim, but of real balance of payments difficulties.

Mr Ernest Obminsky, the deputy foreign minister responsible for economic relations, said yesterday that the Soviet authorities were taking measures to solve the problem, but gave no details.

He admitted that apart from Soviet enterprises ordering *more imports than they had* hard currency to pay for, another factor behind the delays was a growing trade deficit with the west. The full *extent had been disguised* by a trade surplus with Third World and socialist states, financed by Soviet credit.

In 1988, the Soviet Union had *a hard currency trade deficit* with capitalist countries of Rbs1.66bn. Preliminary figures for 1989 suggest a reduction in the deficit to Rbs800m.

The immediate effect of the payments problems has been a sharp slowdown in confirmed export contracts to the Soviet Union, as western suppliers insist on payment by irrevocable letters of credit, whereas previously they were happy to *trade on open account.*

Estimates of the size of the problem suggest that there are now delays affecting up to 10 per cent of trade payments *with western suppliers, which* have built up since the last quarter of 1989. Delays have affected payments totalling DM1bn ($600m) for West Germany, *for example, out of* annual exports to the Soviet Union of DM11.5bn.

Bankers report no significant improvement in the delays since the scale of the problem became apparent in February.

"There are already delays of six months, which for medium- and small-sized firms is a big problem," according to one west European banker. "Several *suppliers* who *rely* on their Soviet business for most of their turnover are in real danger of going bankrupt."

"If anything the delays are *getting longer*," a West German banker said. "During the last weeks there has been a standstill, but compared to February the situation is getting worse. We know of one company which is suffering losses of DM700,000 in additional interest payments because of late payments."

"In my opinion they are quite near a major refinancing package," according to the Moscow representative of one of the largest western banks involved in Soviet trade.

Virtually all the enterprises involved in late payments are *major state trading companies,* such as Soyuzkhimexport, the chemicals importer, which is the biggest offender, and others such as Exportkhleb, the *grain purchasing division* of the government, Tekhnopromimport, the machinery importer, and Promsyrioimport, responsible for purchases *of iron and steel products*, and pipes.

Contrary to earlier official claims that a main cause was individual state enterprises importing beyond their means when allowed to trade directly for the first time, individual enterprises have been paying promptly, if not sometimes in advance, bankers say.

A flurry of consumer goods purchases in the latter half of 1989, *prompted* partly by official panic after the miners' strike last summer, is certainly seen as one factor. Almost certainly, those import orders were *officially sanctioned* by the Council of Ministers. Another appears to have been the collapse of a special export programme intended to pay for *those purchases.*

Mr Obminsky said yesterday that businessmen trading with the Soviet Union were more sanguine than journalists, and knew they would eventually be paid.

Estonia bans strikes, Page 2; Prague to phase introduction of market economy, Page 3

British markets gain sharply on rising hopes of EMS entry

By **John Authers, Terry Byland** and **Andrew Marshall** in London

BRITAIN'S financial markets surged yesterday on strengthening belief that the country was on the verge of entry to the European Monetary System and that the UK economy was responding to tightening of policy.

A newspaper interview with Mr John Major, Chancellor of the Exchequer, reinforced the view that the UK is set to join the Exchange Rate Mechanism of the EMS sometime this year. He repeated Britain's intention to enter the ERM and said measures of inflation would determine the timing.

Amid wild rumours and panic buying, traders took little interest in the first increase in unemployment for nearly four years as they struggled to keep up with the market.

The small rise of 1,200 in the jobless total in April was the firmest evidence yet that the slowdown in the UK economy *is hitting the labour market,* though the rate of unemployment remained unchanged at 5.6 per cent. It followed a fall which started in July 1986.

On the stock market, traders found themselves short of shares as the size of the rally took them by surprise. The Financial Times-Stock Exchange index of 100 shares closed up 63.3 points, or 2.8 per cent, at 2,284.4, the biggest daily gain since November 1987.

The rise caused serious trading difficulties for some market-making firms. Trading desks buzzed with rumours that one leading market-maker, which had been keeping its share inventory low, lost around £1m ($1.68m) as it was forced to buy shares at almost any price to meet the sudden wave of demand.

Trading in equities approached a buying frenzy at one stage with dealers accusing market-makers of delay in answering telephones as they tried to buy stock from their rivals before they could in turn mark prices higher.

"This was the most painful day I have ever experienced in the equity market," said one dealer of many years' service.

British government bonds firmed three full points at the long end at the day's high. Mr Gavin Davies, chief economist in London at the US investment bank Goldman Sachs, said: "EMS speculation was the main thing on the gilts market, because most of its move came before the unemployment number."

The sterling interbank market reacted so strongly that the Bank of England was forced to *step in to reaffirm that base* rates were set to stay at 15 per cent. Turnover on the futures market was three times the daily average. Mr John Kendall, an economist at Baring Brothers, said: "Rates at the short end have gone too far, too fast."

The pound closed 0.7 firmer on its trade-weighted index at 88.1 after a previous close of 87.4, reflecting a gain of over two pfennigs on the mark and about a cent on the dollar.

EMS entry is expected to underpin sterling and could also provide the basis for a reduction in interest rates. One analyst said: "The spectacular rally we have had is basically a huge or extreme indication about how much the market would like to join the ERM."

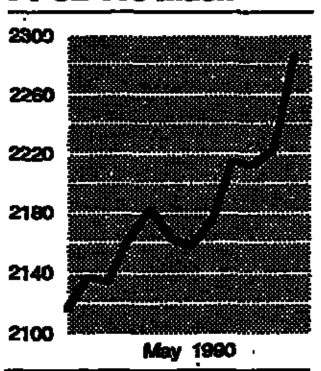
Rumours about have hit the markets many times before. *But some traders said* the strength of the response to Mr Major's remarks in an interview with the Wall Street Journal indicated the market's growing belief that entry would come in the next few months. "This is a classic market change of view," said Mr Peter Spencer of the investment bank Shearson Lehman Hutton.

The Treasury said that there

Continued on Page 20

Reviving bitter memories, Page 10; Government bonds, Page 25; *London Stock* Exchange, Page 35; Lex, Page 20.

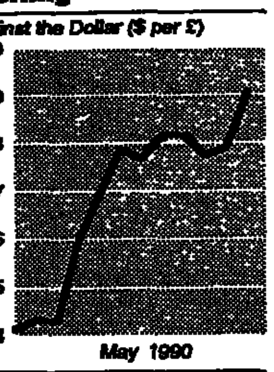
FT-SE 100 Index



The British Government announced a sweeping revision of its collection of economic statistics, in an attempt to solve "severe problems". It said current high inflation might have been avoided had government statistics not contained gaps and inconsistencies. Figures available had not reflected the buoyancy of the economy, and so anti-inflationary policy had not been tight enough. More information will be collected on the balance of payments and on companies. Page 10.

Sterling

Against the Dollar ($ per £)



Renault asked to repay FFr8.4bn of debt write-off

Lucy Kellaway in Brussels and **George Graham** in Paris

SIR Leon Brittan, the EC's competition commissioner, has decided to ask Renault, the French vehicle maker, to repay about FFr8.4bn ($1.51bn) of the FFr12bn in debt write-offs paid by the French Government in 1988.

The recommendation — tougher than had been expected — will be put to the European Commission next week and appears set to cause a further furious row with Paris.

The French Government was adamant yesterday in its refusal to discuss the repayment of a single franc of the contested FFr12bn debt write-off, still less the FFr8.4bn demanded.

Mr Roger Fauroux, the French Industry Minister, said there was no call to discuss the amount of a reimbursement, since Paris had fulfilled its undertakings to the Commission. Mr Pierre Bérégovoy, the Finance Minister, added that the write-off of Renault debts was a perfectly legitimate capital injection by the state as shareholder.

"I am just as hostile as Sir Leon Brittan to subsidies which distort competition, but we must not confuse a subsidy and an increase in the capital of a public sector company," said Mr Bérégovoy.

"*The other essential question* is whether public sector and private sector companies can co-exist in a competitive market. The Treaty of Rome has settled the question and it is not up to Sir Leon to modify its dispositions by an artifice," he added.

However, EC competition officials stressed that to ask for the money back was a softer option than the alternative of taking the French Government to court over the payment of illegal aid. The Commission threatened to do this last December, when it asked for repayment of the full amount.

It then gave France three months to respond, warning that if the reply was not satisfactory the long-running affair would end up in the European Court of Justice.

Sir Leon favours putting the new demand to the French Government, in the hope that an out of court settlement can be reached. The Commission disputes the figures presented to it by France, which show that Renault has cut, or has promised to cut, capacity by the 15 per cent required under the original aid agreement.

The Commission believes that little has changed since it asked for the full amount to be repaid; *the proposal to demand* a lesser repayment recognises the promise to cut capacity in the future and the French Government's recent undertaking *to change the "regie" status* under which Renault was protected from bankruptcy.

US trade deficit widens sharply but underlying trends improve

By **Anthony Harris** in Washington

THE US merchandise trade *deficit widened sharply to* $8.45bn from a revised $6.1bn in March, despite record exports of $38.28bn, the US Commerce Department said.

Imports rose 10 per cent from their low February value to reach $41.7bn. The market consensus had been for a $7.6bn deficit.

However, the reported deterioration in March was almost entirely the result of seasonal adjustment, which is always suspect near Easter. The unadjusted deficit was virtually unchanged at $6.21bn.

Furthermore, the underlying trends remained strong, with exports growing nearly twice as rapidly as imports in the first quarter. As a result, the figures were shrugged off in the financial markets — both bonds and equities rose.

The inflation-adjusted figures (a new statistical series) show that the trade gap is down to $21.8bn, compared with $26.6bn during the first three months of 1989 — an improvement of 18 per cent in real terms.

The new record in exports — up 4.6 per cent — was achieved despite the fact that two of the strongest categories had reached a temporary plateau. Shipments of capital goods were unchanged from February, and of consumer goods up 1.5 per cent.

The export figures for the first three months show capital goods up 32 per cent, compared with 1989, and consumer goods up 35 per cent.

The main increases in March were in cars and parts (up $600m), industrial materials (up $500m) and foods and feeds (up $200m).

On the import side, there was a $1.5bn surge in imports of cars and parts, to reach $7.9bn. This appears to be an aberration: car demand remains weak, and for the first three months of the year imports are down 7.2 per cent compared with 1989.

There were also strong, seasonally adjusted rises in industrial materials, capital goods and consumer goods.

Over the first three months of the year, imports have risen by 5.7 per cent compared with 1989, while exports are up by 10.3 per cent. The first quarter deficit is down to $23.9bn from *$26.4bn a year earlier.*

Analysis, Page 7

JAPAN'S merchandise trade surplus tumbled to $3.54bn last month, 51.4 per cent lower than in April last year, mainly because of a continuing slump in car exports and a rebound in imports.

The fall marked a resumption of the declining trend that began a year ago but was interrupted in March, when the surplus rose 7.2 per cent. On a seasonally adjusted basis, the surplus dropped 46 per cent in April from the previous month to $3.2bn.

Officials said the figures reflected effects of structural reforms aimed at boosting domestic demand and reducing the emphasis on exports. Page 6.

Weekend FT

Roger Matthews reports on one of the world's nastiest regimes

What you need to know about holiday currency

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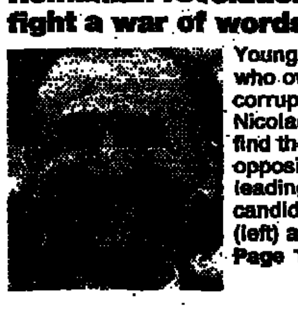
Romanian revolutionaries fight a war of words



Young revolutionaries who overthrew the corrupt dictatorship of Nicolae Ceausescu find themselves still in opposition, branded by leading presidential candidate Ion Iliescu (left) as "hooligans"

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MARKETS

STERLING
New York lunchtime:
$1.6910
London:
$1.6905 (1.679)
DM2.7850 (2.7575)
FFr9.3825 (9.2975)
SFr2.3750 (2.35)
Y257.25 (254.0)
£ Index 88.1 (87.4)

GOLD
New York: Comex Jun
$
London:
$369.25 (369.5)

N SEA OIL *(Argus)*
Brent 15-day Jul
$17.775 (17.825)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.6483
FFr5.5540
SFr1.4060
Y152.045
London:
DM1.6475 (1.643)
FFr5.5500 (5.5375)
SFr1.4045 (1.399)
Y152.25 (151.35)
$ Index 67.0 (same)
Tokyo close: Y152.0

US lunchtime rates
Fed Funds $8\frac{1}{16}$
3-mo Treasury Bills:
yield: 7.899%
Long Bond:
$101\frac{1}{8}$
yield: 8.638%

STOCK INDICES
FT-SE 100:
2,284.4 (+63.3)
FT Ordinary:
1,795.7 (+55.9)
FT-A All-Share:
1,122.46 (+2.6%)
New York lunchtime:
DJ Ind. Av.
2,834.72 (+15.04)
S&P Comp
355.11 (+1.11)
Tokyo: Nikkei
32,061.6 (+93.98)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{16}$ ($15\frac{5}{32}$)
Life long gilt future:
Jun $83\frac{1}{8}$ ($81\frac{13}{32}$)

European groups back Ecu

By Lucy Kellaway in Brussels

LEADING European companies yesterday put their weight firmly behind the Ecu as a European common currency.

At a conference in Brussels they called on political leaders to make a clear statement committing Europe to the Ecu and establishing a timetable for its introduction.

One business leader after another, from Mr Giovanni Agnelli of Fiat to Mr Carl Hahn of Volkswagen and even the embattled and outgoing Mr Cor van der Klugt of Philips, stressed the potential advantages of replacing 12 currencies with the Ecu. However, they said the Delors report on Economic and Monetary Union was unrealistic in expecting the use of the Ecu to spread as soon as the administrative barriers to its use had been removed.

"Europe's managers are in favour of a wider use of the Ecu, but they are waiting for a political statement that the Ecu will be the single currency of the union," Mr Agnelli said.

The conference, organised by the International Herald Tribune newspaper, agreed that the main barrier to the Ecu's use was its lack of credibility. According to a report by consultants Ernst & Young on behalf of the Association for the Monetary Union of Europe, businesses would expect a common currency to produce significant savings of between 0.5 and 1 per cent of their turnover.

The report calls on member states to make an announcement after the December intergovernmental conference on monetary union, and to set a 1997 deadline for completing the shift to a single currency.

Schengen border agreement nearer

REPRESENTATIVES of the Benelux countries, France and Germany yesterday moved a step closer to scrapping their border formalities sooner than the full European Community, Laura Raun writes from Amsterdam.

They agreed to abolish visas for East Germans for visits of up to 90 days but to leave the contentious question of political asylum to the EC Twelve.

By the end of June they hope to sign the Schengen Accord, which would ease the movement of people, goods and capital between The Netherlands, Belgium, Luxembourg, France and Germany. Diplomats say that if all five countries' parliaments ratified the accord, a barrier-free Schengen region could be created by January 1 1992, a year before the EC's Single Market.

The Schengen countries were originally supposed to sign the accord last December but failed to do so amid criticism from members. Most were worried about the effect of German unification on the agreement, and traded barbs about their individual policies on drugs, arms, banking secrecy and political asylum.

MEPs predict their power will grow

By David Buchan in Strasbourg

MEMBERS of the European Parliament and ministers of the 12 EC member nations emerged yesterday from discussing the largely uncharted seas of political reform to reach the preliminary conclusion that MEPs appear likely to win greater power.

"The only definite conclusion you can draw is that there will be new powers for the Parliament," said Mr David Martin, the British socialist MEP, whose political reform report in March helped put the issue on the EC agenda. "But how wide-ranging these new powers will be is very open to question."

The four-hour discussion revealed, at one end of the spectrum, the trio of West Germany, Italy and Belgium in favour of boosting the Parliament's powers.

Mrs Irmgard Adam-Schwätzer, a Bonn foreign office minister, said some way should be found to involve MEPs in the coming political union conference of the Twelve, likely to be launched next month.

Mr Gianni de Michelis, the Italian Foreign Minister, said Italy was ready to call a special autumn summit to speed political reform talks and to give MEPs a formal say on any new treaty.

At the other end of the spectrum is Britain, which wants to give Parliament only new financial audit powers over the Commission, and Portugal, which made clear its lack of interest in political reform until it had been first guaranteed more EC cash in coming monetary union talks.

But Mrs Lynda Chalker, representing the UK as a foreign office minister rather than in her departmental role in charge of overseas aid, took no firm public position against giving MEPs greater legislative powers or the right to elect the Commission head.

In contrast to its immediate opposition to certain EC monetary union plans, the UK Government seems to hope that some of the more far-reaching political reform ideas will die of their own accord.

Mr James Baker (centre), US Secretary of State, visits the Trinity Monastery of St Sergius in Zagorsk near Moscow with Mr Eduard Shevardnadze (left), the Soviet Foreign Minister.

The US and the Soviet Union resumed arms talks in Moscow yesterday but appeared to make little headway in the run-up to the end-of-May summit.

Mr Baker was asked whether Moscow had softened its position on a strategic arms reduction treaty (Start) just before going into a second meeting with Mr Shevardnadze. "Not a lot," he replied tersely. US officials said the Soviet position had been tougher than expected.

Estonia tries to head off Russian strikes

By Christopher Bobinski in Tallinn and Quentin Peel in Moscow

ESTONIA yesterday banned strikes, in an attempt to head off stoppages threatened by Russian activists who are demanding the resignation of Mr Arnold Ruutel, the republic's president, and the reversal of its declaration of independence.

The ban came as Mr Ruutel admitted "there is a certain standstill in relations with Moscow" but added this could be because the Soviet leadership "has so many things on its mind".

Ironically for a republic asserting its independence, the strike ban is being implemented under Soviet law – Estonia has no law to ban strikes. The stoppages were planned for Monday.

Yesterday, members of a new home guard patrolled government buildings to show that any attempt to take them over by opponents of independence would be resisted.

Meanwhile, Mrs Kazimiera Prunskiene, Lithuanian Prime Minister, arrived in Moscow last night to seek a meeting with President Mikhail Gorbachev. She offered in particular to suspend Lithuanian laws affecting the military and the republic's borders, the issues most sensitive to Moscow.

The Lithuanian search for a compromise comes against the background of a rapidly worsening energy crisis in the Baltic republic. Lithuania's press reported yesterday that the Ignalina nuclear power station may be forced to close on May 20 "due to minor problems", leaving the whole republic dependent on the thermal power station at Elektrenai, which has precisely four days' fuel supply left.

Mrs Prunskiene is seeking to capitalise on the presence in Moscow of Mr James Baker, US Secretary of State, who has made it clear that a continuing refusal to open dialogue with Lithuania is likely to block a trade agreement at the forthcoming Washington summit.

Sweden cuts discount rate to 11%

By Robert Taylor in Stockholm

SWEDEN'S Central Bank yesterday cut the discount rate by 1 percentage point to 11 per cent, a sign that the economy is starting to improve after a period of uncertainty.

The drop in the discount rate follows falls in market interest rates over the past week. The Central Bank raised the discount rate in March by 1.5 points in response to economic difficulties and rising market interest rates.

Mr Bengt Dennis, the bank's governor, said that the high interest rate had been designed to stem the outflow of capital which had contributed to Sweden's growing current account deficit. But over the past two months there had been a net inflow of capital.

There are signs that inflation is slowing. The consumer price index for April rose by 0.4 per cent, which has slowed the underlying rate of inflation from 10.7 to 10.1 per cent.

W Berlin nervous over phasing out of aid

By Leslie Colitt

WEST BERLIN reacted nervously yesterday to the planned phasing out of nearly DM6bn ($3.65bn) in annual West German financial aid to the city which is to go to East Germany instead.

The Bonn Government said the subsidies to industry and services in West Berlin and parts of West Germany bordering East Germany would be reduced over a seven-year period. But Mr Theo Waigel, the Bonn Finance Minister, did not say when the cutbacks would start.

West Berlin's Chamber of Industry and Commerce (IHK) warned that the city will be the first to be affected by widespread "initial difficulties" mainly unemployment – in East Germany after monetary union on July 2. A spokesman for the chamber said West Berlin could be inundated by East Germans thrown out of work who would no longer be absorbed by subsidised West Berlin industry.

The IHK said it would be "very dangerous" if this period of insecurity was accompanied by reductions in financial support for West Berlin. It called for the cuts to first begin in 1993, giving West Berlin business time to adjust.

The Social Democratic (SPD) led city government said West Berlin could live with the cutbacks. But its Green coalition partner called it a "declaration of war" on the city by Bonn. West Berlin was being called on to bear the main burden of Chancellor Helmut Kohl's drive to German unity.

● Philip Morris, the US cigarette manufacturer with large production in West Germany, has succeeded in a bid to take over East Germany's monopoly cigarette producer, VEB Kombinat Tabak in Dresden, Leslie Colitt reports from East Berlin.

Philip Morris has agreed to raise the wages of the Dresden cigarette workers by DM150 a month on July 2 when German monetary union takes place.

De Maizière cautious on all-Germany polls

By David Buchan in Strasbourg

MR Lothar de Maizière, the East German Prime Minister, said yesterday that a date for all-German elections should not be set until the external and internal aspects of unification had been agreed.

Mr de Maizière stressed that joint elections must be preceded by "consensus" abroad on German unification. Chancellor Helmut Kohl of West Germany has mooted the idea of a pan-German poll as early as December, a suggestion already rejected this week by the East German Government.

Mr de Maizière said the entry of East Germany, via incorporation into West Germany, into the European Community should be seen "not as challenging, but complementing" the EC.

Speaking at the European Parliament in Strasbourg, Mr de Maizière said there should be special guest status at Strasbourg for representatives from East German territory until 1994, the date of the next European Parliament elections. Up to then – and even after unification – Germany will be represented by its current troupe of 81 West German MEPs.

After meeting several EC Commissioners Mr de Maizière listed agriculture, fishing (East Germany has a fleet twice the size of West Germany's) and environment as areas where East Germany would want "a fairly lengthy road" towards bearing the full brunt of EC rules.

Mr Kohl said on Wednesday that the most useful form of solidarity that his EC partners could show was not money but tolerance of "sensible transition steps" for East Germany's assumption of full EC membership obligations.

Conceding that the transition to a social market economy might throw East Germans out of jobs, Mr de Maizière wanted early discussions with Brussels on money for retraining from the EC Social Fund.

Trade union leader gives warning on Soviet reform

By John Parker in Moscow

THE NEW leader of the Soviet Union's official trade union movement has demanded indexation of wages and a guarantee of full employment, as the price of accepting President Mikhail Gorbachev's plans to reform the sinking Soviet economy.

His remarks came as Mr Gorbachev told reporters at the Russian parliament that his reform efforts were being hindered by the conservative mentality of the Soviet public.

However, despite professions of support for "market relations", Mr Gennady Yanayev, who became head of the union movement earlier this year, made it clear that the trade unions, which officially have 140m members, have rejected plans for radical economic change.

Mr Yanayev's remarks have thrown down a direct challenge to Mr Gorbachev on the eve of economic reform. On Monday, Mr Nikolai Ryzhkov, the Soviet Prime Minister, is due to present the Government's new proposals to the Supreme Soviet (standing parliament).

In an interview in Pravda, the Communist Party newspaper, Mr Yanayev said the official unions would be willing to go on strike if necessary.

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EUROPEAN NEWS

Hungarians reject shock treatment for economy

By Nicholas Denton in Budapest

HUNGARY'S incoming conservative Government has rejected shock therapy in its economic programme because of fears of an influx of over-hasty foreign investment.

According to its policy paper, to be published next week, the Government has decided to take a more cautious path because "the creation of the infrastructure and the institutions necessary for a market economy takes time."

The root of the hesitancy lies in a reluctance to open the economy too quickly to foreign investors, who alone have the resources to fund real and rapid privatisation.

One of the main themes of the Hungarian Democratic Forum, the dominant party in the conservative coalition which won last month's elections, is the need to create a strong property-owning middle class to guarantee political stability. Forum experts argue that foreign investment, if too hasty, would provoke a popular backlash against private business, both foreign and Hungarian.

Foreign companies get a selective welcome in the programme.The coalition aims to move towards neutral treatment of foreigners and Hungarians. This, given budgetary constraints, implies an increase in the currently preferential taxation of foreign joint ventures.

The programme adopts a three-pronged policy for privatisation. First to be sold, starting this year, will be companies in the services sector which are immediately attractive to Hungarians and companies that are ailing or bankrupt because of the decline in trade within Comecon.

Remaining enterprises will be privatised over a longer period, and leasing is suggested as an interim solution.

Prague to phase introduction of market economy

By John Lloyd in Prague

THE CZECH Government has agreed phased measures to establish a market economy, apparently after overcoming a period of hesitation and feuding over economic reform.

Chief among the measures is the introduction of internal convertibility for the Czech currency (the crown) by January 1 1991. From then, enterprises and citizens will be able to change an unlimited number of crowns for hard currency at domestic banks.

The Government is preparing – and bracing itself – for the consequences of the change, which one minister described as "75 per cent of the way to external convertibility".

Mr Marian Calfa, the Prime Minister, and Mr Vladimir Dlouhy, deputy prime minister in charge of planning, have opened talks with the European Commission and the World Bank for a standby facility to meet the likely demand for hard currency – talks which Mr Dlouhy continued in Brussels yesterday.

Ministers estimate that a further devaluation of the crown will be essential to prepare for internal convertibility. This is likely to take the exchange rate against the dollar from its present level of 17 crowns to the dollar to 24 or 25. A date for external convertibility is expected to be set for some time next year.

The Government also agreed this week that prices for many commodities would be liberalised this year. A revitalisation of the banking system was also agreed, designed to establish a commercial relationship between the banks and the country's enterprises. Under the old system the banks merely provided the credit necessary for enterprises to fulfil their part of the state plan.

A "stabilisation programme" will be introduced in two stages to reorient industry towards the market while preserving a measure of central control. The first stage, from July 15, will lay out a framework for industry which will include such mechanisms as tax exemptions, employment grants and funds for structural reorganisation.

The second, from September 30, will establish a two-year indicative plan on the French model, comprising macroeconomic indicators taking account of the effects of price liberalisation and the rate of inflation.

Inflation is unofficially reckoned to be around 4 per cent and seen as likely to rise.

Both Mr Dlouhy and Mr Vaclav Klaus, Finance Minister, have warned of bankruptcies in the months ahead as credit is tightened and as banks learn new rules.

However, privatisation is likely to be deferred until next year. The Czech Government has broadly decided to eschew the example of the "short sharp shock" set by Poland.

It plans to turn the state-owned enterprises into 100 per cent joint stock companies with half of the directors appointed by the Government and half by the enterprises themselves. This change is set for the second half of the year.

This is seen as a temporary expedient but it is also hoped it will introduce more commercial behaviour while the manner of full privatisation is debated.

These new measures were agreed in part because the Government has become convinced of the need for radical change following the rapid integration of the East German economy into West Germany. This will mean that East German products will soon be priced at world market levels, while quality will benefit from an infusion of capital and technology.

Deep-seated corruption taints democracy

Peter Bruce reports on the growing need for moral leadership from Madrid

REFORMING SPAIN

IT IS March 5, and Mr Rosendo Naseiro and Mr Salvador Palop are chatting on the telephone. Mr Naseiro has just explained that he has been talking to the "chief", a fact also known to the police, who had been tapping conversations on the Palop telephone since December.

Mr Naseiro was treasurer of Spain's main opposition party, the conservative Partido Popular, and Mr Palop a PP councillor in Valencia. The "chief" is the PP leader, Mr Jose Maria Aznar, the best hope the Spanish Right has had in years, and the man from whom the would-be conspirators were seeking moral support.

The taped conversations are colourful. There is talk of cheques or cash being passed in envelopes and the language is foul. Mr Naseiro and Mr Palop later spent a week in prison while a judge questioned them about a scam to raise at least Pta 2bn (£11.5m) by smoothing the way for property developments and local government contracts around the country in return for political donations.

Bribery charges are being prepared and the tapes have been leaked. Mr Naseiro has resigned. Mr Palop is very nervous. Mr Naseiro's predecessor as treasurer, Mr Angel Sanchis, has been implicated and has left the party. Mr Aznar insists he knew nothing.

The danger is that Spaniards assume the country works this way. It is assumed that Spanish parties, who have the heaviest and most costly elections schedule in Europe, finance themselves through back door handouts despite being given state subsidies worth more than Pta30bn since 1987. The governing Socialist Party, which was implicated in the Flick bribery scandal in West Germany in the early 1980s, owes about Pta8bn to banks and the PP has no reserves.

Young Mr Aznar, who has just succeeded Mr Manuel Fraga at the head of the PP, must be wondering what has hit him. The Socialists could tell him. They spent the first four months of the year in trouble when Juan Guerra, brother of the Prime Minister's close friend and deputy, Alfonso Guerra, was discovered to have been given (by his brother) an office in a government building in Seville from which he made himself rich, pursuing property deals and peddling his brother's influence.

The scandals have soured the political atmosphere in Spain. The Prime Minister calls this period of accusation Spain's first post-Franco catharsis, but the problem runs deeper.

Even after a decade and a half of democracy, corruption, particularly in local government, is still rampant. The prestigious Madrid College of Architects has accused city councillors of accepting bribes in return for planning or building permits.

Although European Community membership is forcing change, Mr González knows that Spain is not becoming transparent enough quickly enough. "We need rules," he says, "and not just written ones." He recently noted that "mortgaged political power makes democracy useless and the mortaging of power is born out of corruption."

In Parliament, those worries have led to exaggerated efforts to legislate public morals. The Government has proposed that MPs live only on their parliamentary salaries and have no links with business. The imposition of such rules, which may also regulate the financial behaviour of MPs families, could lead to the resignation of a third of the Cortes, with the PP particularly hard hit.

In order to further deliver all politicians from temptation, representation to any public official or authority, local or national, by third parties, may be made illegal. This will enable courts to strip professionals of their qualifications for intervening or lobbying with authorities on behalf of clients.

Clearly, a serious effort at ethical reform is under way in Spain. But the heavy and impenetrable bureaucracy will always encourage the people it theoretically serves to take short cuts.

Spanish society and politics is lubricated by *clientelismo* or the notion that people take care only of *lo nuestro* (that which is ours). "Our political culture is not based on civic virtue," wrote Mr Juan Antonio Ortega Diaz-Ambrona, a former Education Minister, recently, "but on the ability to belong and an unbreakable loyalty to *los nuestros*; in the discipline of cohorts and in making time for each others' clients. It is an old culture in which *los nuestros* and those close to them ask endless favours and protection while they offer us their devotion and their votes."

González faces challenge

Mr González knows about the problem and his leadership will be judged by how he deals with it. The Socialist Party fits Mr Diaz-Ambrona's description but moral leadership is not something any of Spain's technocratic post-Franco prime ministers have yet been called upon to demonstrate.

Austrian subsidy for Chrysler factory upsets Brussels

A DAMAGING dispute has broken out between Austria and the European Community over a Sch433m (£184m) subsidy which the Austrian Government has agreed to pay to Chrysler, the US car company, to help it start up production there, Lucy Kellaway writes from Brussels.

The Commission views the subsidy as a direct threat to its plans to eliminate state aid in the car industry, as 95 per cent of the planned Chrysler production is destined for the Community market.

The deal could also upset negotiations just starting on creation of a European Economic Space so that countries of the European Free Trade Association, such as Austria, would have free access to Community markets.

The matter is likely to be raised today when Mr Alois Mock, the Austrian Foreign Minister, visits Brussels. The Commission has no direct power over state aid granted by Austria. But under its association agreement with Efta countries it is able to impose duty on goods if Community producers are suffering as a result of the subsidy. Both sides are trying to reach a solution to avoid such unprecedented action and Austria has agreed to supply the Commission with further information by next week.

News of the subsidy has upset member states, many of which have been at the receiving end of tough Commission decisions on state aid. Chrysler, which also considered building its plant in other EC countries, is felt to have been lured to Austria by the size of the subsidy. It is particularly galling for the French Government, as Renault – whose Espace family vehicle would be in direct competition with the Chrysler Voyager – is likely to be told to repay more than half of the FFr12bn (£1.28bn) granted in 1988.

The Chrysler project, which could run for eight to 10 years, has a total value of Sch4bn, of which up to Sch1.2bn will be aid. The first two stages of the project – involving a subsidy of some Sch433m – were signed this month, and provide for an increase in annual production over the next three years to some 25,000 units.

Austria claims the aid falls within Commission rules on subsidies, and argues that it will reduce unemployment in the depressed Graz region.

OECD warns on Italian deficit

By John Wyles in Rome

THE ITALIAN Government is facing stronger external pressures than ever before to curb its high budget deficits, says the Organisation for Economic Co-operation and Development in a report published today.

The decision in January to put the lira into the narrow exchange rate band of the European Monetary System "increases both the urgency and the scale of the progress to be made in fiscal consolidation," says the report.

This consolidation needs to be "clear-cut and lasting" so as to reassure holders of lira-denominated assets and prevent speculation which could drive up interest rates.

As in previous reports, the OECD chides Italy for not having exploited a long period of expansion – gross domestic product grew annually by an average 3.2 per cent from 1983 to 1989 – to solve its budget deficit problem.

Despite the adoption of a medium-term plan to achieve a budget surplus net of interest payments by 1992, the story has remained one of missed targets, largely because of increases in social payments and public sector wage costs.

The report seriously doubts whether on present policies the Government can achieve its objective of cutting the public sector borrowing requirement by 3.5 percentage points of GDP between 1989 and 1992.

Urging "the most ambitious possible fiscal consolidation programme," the OECD says it should include the medium-term aim of replacing public welfare payments with those from private insurance systems. The report believes privatising public sector assets would provide the means of reducing outstanding debt.

The OECD also highlights the big disparities in regional economic performance as "one of the most important problems facing economic policy-makers in Italy".

The report argues that the southern Mezzogiorno region is too dependent on social transfer payments and that investment and employment are penalised by the insistence on wage parities with the rest of the country.

US names price for dropping textile quotas

By Nancy Dunne in Washington

THE US textile industry says it is prepared to give up its 30-year-old quota protection in the year 2001.

This might be seen as good news, making agreement possible on other issues in the Uruguay Round where the ambitious multilateral drive towards trade liberalisation is under way.

However, the politically muscular textile industry is demanding a price so steep that the nations which want an end to quotas may not agree to pay.

Mr Carlos Moore, the executive director of the American Textile Manufacturers' Institute, lays out the following conditions for support of proposals to bring textiles within the rules of the General Agreement on Tariffs and Trade):

- Establishment of a transition mechanism which slows new growth in imports over at least 10 years, preferably to 1 per cent annually, so that the US industry can prepare for an end to quota protection. Under the Multi-Fibre Arrangement (MFA), import growth has been soaring at about 12 per cent a year.

Carla Hills: agrees with textile industry demands

- Stronger Gatt rules governing subsidies, dumping, and safeguards against import surges as well as an end to the "abuse" of the balance of payments provision which enables developing countries to block foreign imports.
- Commitment by all nations to open their markets to imports. (This is opposed by many developing countries.)
- Continuation of tariff protection to compensate for higher US wage rates, environmental costs and worker safety rules.

Mr Moore says there must be a review during the next decade, to determine that the textile trade is evolving "in a fair and equitable way".

Trade circles accept that most governments will have to resist heavy pressure from some industries if a substantial package of reforms is to emerge from the trade talks. But in the US, the textile industry is a special case. It has plants, thus political clout, in 48 states. They compete in a domestic market which has been growing by only 1 per cent a year. Even with MFA protection, the trade deficit in textiles and clothing last year hit a record $32bn. Under the onslaught of imports, 22 plants were closed or experienced major lay-offs in the first four months of this year.

Twice in the last decade the industry came close to getting new protection from Congress. The legislation was vetoed by President Reagan, and partly because of the president's stand, the Republicans lost control of the Senate in 1986.

With this kind of history, no-one laughs when the usually outrageous Senator Jesse Helms threatens single-handedly to defeat the legislation implementing the Gatt package if he does not like the textile agreement. But many argue that the industry's power has been weakened by the desertion of the some clothing manufacturers, who covet the potential growth in the developing country markets – if they can be opened in the trade talks.

Mrs Carla Hills, the US Trade Representative, has worked closely with the textile industry. At the annual meeting of the American Textile Manufacturers' Institute last week she seemed to agree to most of its demands.

During the 10-year transition period, "predictable rules and an effective safeguard mechanism" would assure against market disruption. All nations, rich and poor alike, would be called upon to open their markets.

She did not, however, address the question of growth rates or duties, which presumably are up for negotiation.

A new US textile proposal, presented in Geneva on last Monday, left the same vital questions unanswered. In place of the original proposal for global quotas established on a product-by-product basis, the US suggested maintaining the current country quotas, based on the years 1987-1989, which importers say could actually be tighter than the current bilaterals. Furthermore, no supplier could account for more than 15 per cent of a quota – which would roll back some countries' exports.

The plan would create a separate global quota for import growth, encompassing more products and countries than the current system. Importing countries would allocate the quotas.

US importers, who want deep quota cuts during a 10-year phase-out, were unenthusiastic. Mr Moore said he just wanted an end to "cheating and loopholes."

The proposal fails to address market access concerns and what would happen if it is denied, he said. "Does that destroy the whole deal? We think it should."

Moscow promises to settle Australian wool debts

By Kevin Brown in Sydney

THE SOVIET Union will pay outstanding debts of some A$100m ($76.33m) for Australian wool imports within a week, Mr Neal Blewett, Trade Negotiations Minister, told parliament in Canberra yesterday.

The announcement will bring some much-needed relief to Australia's hard pressed wool industry, which faces severe problems because of over-production at a time of falling world demand.

Mr Blewett said Mr Robin Ashworth, the Australian ambassador in Moscow, had met Soviet Government representatives on Wednesday following the Australian Government's promise to register its concern over unpaid debts at the highest level.

"The ambassador has been informed by the Soviet authorities that they anticipate that all outstanding payments to Australian wool exporters for the months of March and April will be paid either late this week or early next week," Mr Blewett said. Similar assurances had been received from Novoexport, the Soviet wool-buying organisation.

The Australian Government has repeatedly urged wool growers to remain calm about the non-payments, and has publicly accepted Moscow's explanation that the unpaid debts arose as part of the re-organisation of the Soviet foreign trade system, rather than because of a shortage of funds.

The Soviet debt problem occurred at a bad time for the Australian wool industry – particularly since the Soviet Union is the largest market for Australian wool exports after Japan. The resolution of the problem will ease the cash flow problems of the growers, but will do nothing to solve the root problem of over-production.

Steel companies suspend trade

TWO other incidents yesterday gave further grounds for concern over the ability of the Soviet Union to meet its foreign trade commitments, Reuter reports from Tokyo and Helsinki.

Four major Japanese steel companies have temporarily suspended shipments of steel to the Soviet Union because of delays in payments worth $100m, a spokesman for Nippon Steel (NSC) said.

The companies – NSC, Kawasaki Steel, Sumitomo Metal Industries and NKK - were due to ship 130,000 tonnes of large-scale pipes and seamless pipes to the Soviet Union. Some has already been shipped, but the balance is being held while negotiations continue with the Soviet side on resolving the payments issue.

The Nippon Steel spokesman said the companies hoped to receive letters of guarantee from the Soviet Foreign Trade Bank and to keep the order.

The delays have arisen since late last year because of shortages of foreign exchange, increased imports of consumer goods and reforms in foreign trade that have allowed companies to import without a guaranteed source of foreign exchange.

In yesterday's other incident, Finnish forestry company Metsa-Serla Oy Mess warned on problems with the Soviet Union.

A spokesman said a planned joint venture to make tissue paper in Soviet Estonia faced financing problems because banks want greater guarantees before lending money.

Est-Serla, of which Metsa-Serla owns 40 per cent and the Tallinn Pulp and Paper Mill and a Soviet trade organisation jointly hold 60 per cent, plans a FM400m ($102.8m) mill in Estonia.

The partners have provided FM80m in share capital and plan to borrow the remainder from Finnish and Soviet banks. A Metsa-Serla spokesman said: "They (the banks) say they need more guarantees to lend to the joint venture."

Solvay fires opening shot in soda ash war

By Peter Marsh

SOLVAY, Belgium's biggest chemicals company, says it will sue US producers of soda ash if the European Commission decides to lift the dumping duties which have effectively stopped imports of the material into the European Community.

The warning by Solvay, the world's biggest maker of soda ash, raises the temperature in a trade dispute which has been rumbling for several years and concerns allegations of lack of competition in the supply of this chemical in the EC.

Soda ash (sodium carbonate) is an important material in glassmaking. Its supply in western Europe is dominated by a few companies including Solvay, Imperial Chemical Industries of Britain, France's Rhône-Poulenc and BASF and Henkel of West Germany.

The Connecticut-based American National Soda Ash Corporation (ANSAC), owned jointly by six US soda-ash makers, says it could sell soda ash in Europe for significantly less than the $180 a tonne which is the average price in Europe.

ANSAC has been effectively stopped from exporting by a dumping duty of $65 a tonne imposed by the Commission since 1983.

The corporation says its lower prices stem from the fact that soda ash is found naturally in a large deposit in Wyoming. As a result, production costs are far less than in Europe, where the material has to be made in an energy-intensive chemical process. In the US, soda ash sells for roughly $90 a tonne.

Solvay, backed by other European makers, says the ANSAC prices do not take account of shipping, distribution and warehousing costs. "They are trying to sell it at beneath cost price," said a Solvay official.

A decision on the dumping duty is expected from the Commission within the next month. Should the duty be lifted, Solvay says it will sue the US producers in European courts, arguing unfair competition.

W European Soda Ash Output 1989

Producer	tonnes (m)
Solvay (Belgium)	4
ICI (UK)	1
Rhône-Poulenc (France)	0.6
Akzo (Netherlands)	0.3
Henkel (W Germany)	0.3
BASF (W Germany)	0.3

Source: Industry estimates

The commission is studying the dumping question at the same time as investigating in a separate inquiry whether European soda-ash suppliers have colluded in setting prices. This investigation is not expected to be finished until later in the year.

Mr John Andrews, ANSAC's president, denied that the corporation's planned pricing strategy was unfair. He said it could sell up to 250,000 tonnes a year of soda ash in Europe if the duty were to be removed.

Mr Andrews said the lifting of the duty would benefit large European glass makers such as Pilkington of Britain and Saint-Gobain of France. He said the industry had been starved of competition.

ICI said it supported the Solvay position. "The Americans could not compete with us in Europe on price without dumping," an official said.

Pilkington said it bought most of its soda ash from ICI. It was satisfied with ICI's service but would welcome an extension of competition.

ANSAC is owned by FMC, Texas Gulf, Stauffer, Kerr McKee, General Chemical and Tenneco. It operates only in export markets and sells some 2.5 tonnes of soda ash a year, mostly to the Far East and Latin America.

Total US and West European production of soda ash comes to 16m tonnes a year. Solvay produces a quarter of this.

EC shifts stance on circuits

THE European Commission said yesterday it had changed its mind and neither it nor member states would sign an international treaty drawn up last year on protection of integrated circuits, reports Lucy Kellaway from Brussels.

The decision will leave the way open for negotiation of a more acceptable level of protection within the framework of the General Agreement on Tariffs and Trade.

The so-called Washington Treaty, devised under the World Intellectual Property Organisation, was shunned by the US and Japan, for not giving sufficient protection.

Ericsson in Japan

ERICSSON, Sweden's leading telecoms group, said yesterday it had agreed a joint venture with Nippon Telegraph and Telephone of Japan for a new digital mobile telephone system, Robert Taylor reports from Stockholm. The programme is to be completed by 1992.

Japan accused of bank 'dumping' in US

By Nancy Dunne in Washington

ALONG with ball bearings, sweaters, telephone systems and microchips, add banking services to the long list of products allegedly dumped in the US market.

Reflecting a growing concern in Congress about the growing US market presence of Japanese banks, Mr Frank Annunzio, a House banking sub-committee chairman, has sent letters to the Commerce and Treasury secretaries demanding that the issue be taken up in the Uruguay Round.

He acknowledged the difficulty of proving that financial services were being sold at less than fair value, and maintained that "there are certain areas in the American financial services market in which price undercutting by the Japanese is so extreme that further investigation is necessary."

"There is growing evidence that many Japanese banks are over-stepping the bounds between aggressive competition and illegal dumping," he said. "In the letter of credit market for municipal securities in the US, the Japanese dominate."

Echoing the frequent complaint of other American industries, the congressman said that Japanese banks, flush with cash, are able to enter the US market and "instantly compete by sacrificing profits for market share." They are, he said, "one of the chummiest cartels in the world."

Mr Annunzio expressed concern that US Gatt negotiators have not even raised the issue of dumping of financial services.

Japanese trade surplus falls as imports surge

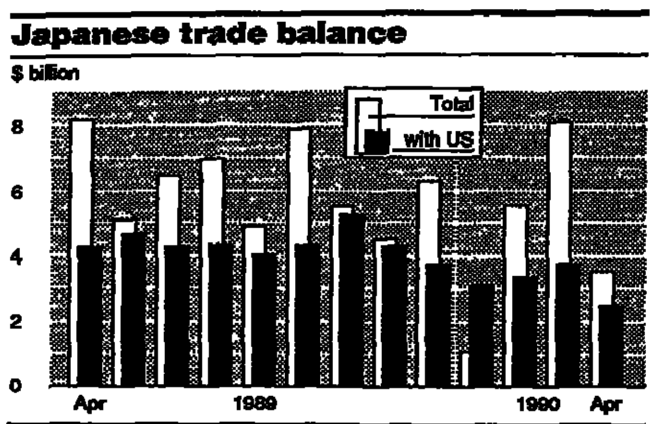
By **Ian Rodger** in Tokyo

JAPAN'S merchandise trade surplus tumbled to \$3.54bn (£2.1bn) last month, 51.4 per cent lower than in April last year, mainly because of a continuing slump in car exports and a rebound in imports.

The fall marked a resumption of the declining trend that began a year ago but was interrupted in March, when the surplus rose 7.2 per cent. On a seasonally adjusted basis, the surplus dropped 46 per cent in April from the previous month to \$3.2bn.

Finance ministry officials said the trade figures reflected effects of structural reforms aimed at boosting domestic demand and reducing the emphasis on exports. Exports in April dropped 5.8 per cent to \$21.9bn while imports on a customs-cleared basis rose 15 per cent to \$18.3bn.

The trade surplus with the US at \$2.45bn was a sharp 46.2 per cent lower than in April 1989, as exports fell 15.1 per cent to \$6.7bn and imports rose 26.8 per cent to \$4.3bn. The surplus with the European Community was \$1.4bn, as a result



of exports down 0.2 per cent to \$4.2bn and imports surging 41.8 per cent to \$2.7bn.

On the other hand, the trade surplus with east Asian developing countries, excluding China, rose to \$2.5bn on exports up 3.4 per cent to \$4.6bn and imports down 10 per cent to \$2.1bn. Japanese exports have become more competitive in the region because of the weakness of the yen in recent months. Vehicle exports dropped 19.1 per cent to \$3.7bn, as the trend to exports being replaced by local output in the US and Europe continued.

Exports of electrical machinery dropped 6.5 per cent to \$4.9bn and those of ordinary machinery dipped 1.9 per cent to \$4.8bn.

Imports were up across a wide front, with mineral fuel imports, including crude oil, surging 17.4 per cent to \$3.9bn.

Tycoon with £49m doctor's bill

By **Ian Rodger**

A JAPANESE paper industry magnate, Mr Ryoei Saito, has emerged as the buyer of Van Gogh's Dr Gachet at a New York auction on Tuesday for \$82.5m (£49m), the highest price ever paid at an auction for a painting.

Mr Saito, honorary chairman of Daishowa Paper Manufacturing, Japan's second largest paper company, and an art collector for 40 years, said yesterday he intended to keep the painting at his home in rural Shizuoka, south-west of Tokyo, for the time being.

Later, he would have it exhibited in the Shizuoka prefectural museum, which has very few valuable works.

Mr Saito, whose fortune is estimated to be worth some Y500bn (about £2bn), said in an interview with a Japanese newspaper yesterday that he had wanted to have the Van Gogh work "at any price", and had instructed the Kobayashi Gallery of Ginza, Tokyo, to buy it whatever the price.

The cost turned out to be about Y5bn higher than he expected to pay. However, he wanted to buy many more paintings, and mentioned the work of US painter Andrew Wyeth as among those that interested him.

Daishowa Paper, which accounts for about a tenth of Japan's paper and board output, has long been a maverick run by the Saito family. Mr Ryoei Saito, son of the founder, was president from 1961 until 1982 when he stepped down to take responsibility for the group's poor results following a period of heavy capital spending.

The Sumitomo Bank, then the group's main bank, stepped in to help the recovery, but was thrown out by the family in 1986 and no longer figures among the group's bankers, although it is still a 4.1 per cent shareholder. Mr Saito himself, a 3.4 per cent shareholder in his own name, returned as chairman and subsequently honorary chairman. His three younger brothers succeeded him one after another as president, and last year Mr Kiminori Saito, his eldest son, took over.

Daishowa, with sales of Y334.5bn in the year to March 31, 1989, is the Japanese paper group that has been most aggressive in developing its overseas operations.

It has joint ventures in Australia and Canada, and has acquired pulp and paper producing operations in the US and Canada in the past few years. In July, 1988, it bought the North American paper interests of Reed International.

Japanese buyers spent Y280bn importing works of art last year and, according to one estimate, will spend more than Y400bn this year.

South Korean police under attack from petrol bombs thrown by students in the southern city of Kwangju yesterday on the eve of the 10th anniversary of an anti-government rebellion there which was crushed by tanks with heavy loss of life. There were violent incidents in several other cities as students from about 50 universities and colleges joined the protests, AP reports from Kwangju.

The entire police force of 130,000 has been put on full alert for today after a dissident coalition called for nationwide demonstrations to mark the anniversary. Government documents show that some 200 people were killed and more than 1,700 others injured or wounded when the 10-day rebellion was crushed in 1980.

Tribal ritual hangs over Tokyo monetary policy

Ian Rodger casts an eye into the financial smokescreen

IT IS not often that the outside world gets a real glimpse of the arcane and inscrutable inner workings of financial communities, least of all in Japan.

But such has been the confusion and international loss of confidence in monetary policy making in Japan this year that, wittingly or unwittingly, the various actors have given their interpretation of how a few of the scenes were played out.

Bank of Japan and Ministry of Finance officials assert that many commercial bankers in Tokyo, hitherto accustomed to tips and leaks when the central bank was planning an official discount rate (ODR) increase, became furious when it was lifted last October without the slightest warning.

Thus, when conflicts arose a couple of months later between the BoJ and the MoF over the timing of discount rate increases and the contribution of land price inflation to overall inflation, these same bankers were only too glad to add to the impression that the authorities were incompetent and had lost control.

Correct or not, this interpretation is amusing enough and, now that the yen has started a modest recovery after six months, it may not matter anyway. But it is nevertheless interesting in that it sheds a little light on the murky ways that Japan's financial community has functioned. As MoF and BoJ officials now tacitly admit, it has long been standard practice that planned ODR changes are leaked to a few top Tokyo bankers and brokers in advance, enabling the privileged few to make what they will with their inside information.

In other leading industrialised countries, such discriminatory behaviour would not be tolerated, but in Japan it has been an accepted part of mutual backscratching.

However, as Japan's impact in the international financial world has become more important, these tribal rituals have become increasingly unacceptable, and the authorities have had to respond to demands from foreign governments that procedures become fairer and more transparent. Last summer, following the annual shuffle of BoJ and MoF officials, the tiny group of senior officials who took over responsibility for monetary policy, most of whom had considerable international experience and thus sympathy with foreign demands, agreed that henceforth they would plan their ODR moves in strict secrecy and, on October 11, they startled the Tokyo financial community by announcing a rate change without having given the slightest hint that it was coming.

They were in the middle of planning a similar exploit in late December but were foiled by a leak in a leading newspaper. This infuriated the Minister of Finance, Mr Ryutaro Hashimoto, and ever since then, money market analysts have made much of a simmering row between the MoF and the BoJ.

Fuel was added to the fire in February when Mr Makoto Utsumi, vice-minister of finance for international affairs, argued that increases in property prices would not have an impact on general inflation. This seemed a direct attack on the view often expressed by the new BoJ governor, Mr Yasushi Mieno, and, as news of it spread, the yen weakened and more and more money market analysts expressed their concern about monetary policy management.

BoJ and MoF officials are making no attempt to minimise the differences between Mr Mieno and Mr Utsumi on the property issue. They say, however, that Mr Utsumi's view was already well known and that the dispute had no effect on the conduct of policy.

They even concede that differences over timing of rate increases have emerged from time to time between officials of the two institutions. But the idea that there is disarray in the formation and execution of monetary policy is, they claim, wide of the mark.

Soviet Jewish immigration

Israel counts ascending costs

By **Hugh Carnegy** in Jerusalem

AS SOVIET Jews continue to pour into Israel – more than 30,000 arrived in the first four months of this year – the Government has been scrambling to calculate how to absorb them into the flagging economy and, crucially, how much it will cost. Figures produced this week suggest it will be an expensive, tricky endeavour.

While the regional political consequences of the immigration have tended to capture the headlines – Arab nations are deeply concerned, Israel greatly encouraged by the demographic boost to the Jewish state – the domestic challenge of absorbing the newcomers is huge.

On Monday, the state comptroller issued an urgent call for action, warning that Israel was ill-prepared for the influx. This was underlined by figures showing the economy still adrift in the first four months, offering little help for the absorption task.

There was negligible growth and a sharp rise in the balance of payments deficit as exports stalled. Unemployment rose sharply to 9.3 per cent. Meanwhile, the Government approved a revised budget plan designed to cope with accommodating 150,000 Soviet newcomers now expected this year. It allocated an extra shekels 2.5bn (£740m) to this year's budget specifically for *aliyah* (the Hebrew word for immigration means ascension). This brought total absorption spending to shekels 3.2bn - or about 5 per cent of total expenditure.

If shekels 1.2bn of this can be funded as planned from extra revenues and cuts, then the deficit this year will not exceed 5 per cent of GNP, the "upper tolerable limit" as defined by the Bank of Israel.

Other funding is intended to come from an acceleration of privatisation. But as that is at present mired in political and other difficulties, a hefty chunk of extra borrowing is on the cards. Much depends on how many immigrants keep coming, but the Bank of Israel recently estimated shekels 2.25bn over the next three years, or up to 2 per cent of GNP a year in a system where total debt already reaches about 150 per cent of GNP.

One positive aspect is that the inflationary push of the inevitable upsurge in demand should be dampened by the fact it will hit an economy in virtual recession. But big worries surround an immediate serious bottleneck in housing and employment.

The revised budget plan contains all kinds of measures to accelerate housebuilding, to alleviate a looming shortage and curb galloping house prices. However, the Finance Ministry proposed much less direct intervention in the jobs market. "The one predominant point is that we believe the mechanism of the free market must bring solutions to the employment question," said Mr David Boaz, the budget director of the Finance Ministry.

Reuter adds: Mr Chaim Herzog, the Israeli President, yesterday gave Mr Yitzhak Shamir, the Prime Minister, 21 more days to form a government amid continuing wrangles with minor parties which hold the balance of power.

Iran and Iraq move to revive peace talks

By **Scheherazade Daneshkhu**

FOR THE first time in more than a year, Iraq and Iran are moving to revive peace talks aimed at resolving the Gulf War, which has been suspended by an uneasy ceasefire since July 1988.

Iran has welcomed an unprecedented letter from President Saddam Hussein of Iraq about the deadlocked, UN-sponsored peace negotiations, and delivered an official reply.

The full contents of President Saddam's letter are not known, but they are thought to include a renewed demand for bilateral talks, while conceding for the first time that the sovereignty of the Shatt al-Arab frontier river is negotiable.

The letter has already set in motion an indirect dialogue. President Hashemi Rafsanjani of Iran said that while he was still unsure of Iraqi good intentions, "some signs of their willingness have been observed".

"On the whole it was a serious letter," agreed a conciliatory Mr Saeed Rajai Khorasani, head of the Iranian parliament's foreign affairs commission, although Ayatollah Sadeq Khalkhali, another member of the commission, said Iran's reply insisted that General Saddam was responsible for starting the war.

Yesterday al-Qadissiya, an Iraqi daily, said Iraq was prepared for a new chapter in its relations with Iran.

Mr Javier Pérez de Cuellar, the UN Secretary-General, and Mr Tareq Aziz, Iraq's Foreign Minister, met in Rome earlier this week to discuss the timetable for a new round of negotiations. The last talks were held in April 1989.

Four rounds of peace talks between the former belligerents, under the auspices of the UN, have so far been unable to settle the dispute over the Shatt al-Arab waterway. Nor have they managed to arrange the exchange of some 100,000 prisoners of war or secure the complete withdrawal of Iraqi troops from Iranian territory.

Iran accepted UN Security Council Resolution 598, the basis for the ceasefire, after a string of military setbacks. Iraq had accepted the resolution a year earlier.

That resolution called for the withdrawal of troops to the internationally recognised boundary (earlier resolutions called simply for a ceasefire). It also requested the UN to appoint an "impartial body" to inquire into responsibility for the conflict.

Over the past year, however, Iran has talked less and less of the impartial body and has quietly dropped its former insistence on war reparations. It has been anxious to put the war behind it and press on with much needed economic reform at home, although the presence of Iraqi troops on Iranian soil remains a thorn in the flesh of the Iranian authorities.

For its part, the Iraqi Government is anxious to win back the full use of the port of Basra on the Shatt al-Arab and navigation rights in the Gulf. It has also come under domestic pressure for the return of up to 70,000 Iraqi POWs.

The Iraqi initiative has come after a period of intense shuttle diplomacy by Iran in the Gulf region to put forward its own case.

Moreover, the emigration of Soviet Jews to Israel – and the threat of further settlements in the occupied territories – has given the Arabs and the Iranians a Moslem issue on which they can fight side by side.

Indeed, reports in the regional media say that General Saddam's letter proposed an Arab-Islamic front against Israel.

Lebanon acts to prevent collapse of its currency

By **Lara Marlowe** in Beirut

MR EDMOND Naim, Governor of Lebanon's Central Bank, took drastic measures yesterday to halt the further collapse of the Lebanese pound.

Since the outbreak of fighting between Christian leaders in Beirut, General Michel Aoun and Phalange militia chief, Mr Samir Geagea, on 31 January, the currency has fallen continuously, reaching a low of 665 to the dollar on Wednesday. In May last year it was trading at just over 500 to the dollar. In 1975 it was at 2.5 to the dollar.

Mr Naim announced that he would secure reserve requirements by automatically debiting current accounts held by private banks with the Banque Du Liban (BDL). The move was contested by Lebanese bankers but Mr Naim's action immediately reversed the decline of the Lebanese currency as bankers scrambled to convert dollars into Lebanese pounds to comply with the order.

The BDL requires that 60 per cent of all deposits be invested in treasury bills and an additional 18 per cent be converted into Lebanese pounds and deposited with the Central Bank.

Lebanese bankers have frequently preferred to pay penalties imposed by Mr Naim rather than observe the requirements. But circular number 951, issued by Mr Naim yesterday, announced that reserves would be taken by the Central Bank.

Representatives of the Bankers' Association – who last week rejected Mr Naim's proposal to increase reserve requirements – met him privately yesterday. Banking sources predicted that the exchange rate would settle at between 590 and 610 Lebanese pounds to the dollar.

"He's made us panic. We're all selling dollars. Nobody is buying. I think this is illegal," the finance manager of one of Lebanon's leading banks said.

Ruling party in Algiers rally

By **Francis Ghilès** in Algiers

THE National Liberation Front (FLN), which has held a monopoly of power in Algeria since independence in 1962, put on a show of strength yesterday with a march through Algiers by more than 100,000 of its supporters.

FLN leaders staged the demonstration in response to earlier marches by Islamic fundamentalists and by pro-democracy activists. Algerian political groups have been flexing their muscles before municipal and provincial elections in June. The elections are part of the democratic reforms introduced by President Chadli Bendjedid after riots in October 1988.

At that time the FLN was discredited and lying low, but yesterday's march was a success. Many militants were probably spurred into action by the desecration of tombs of former freedom fighters in the past two weeks, which has shocked most Algerians.

Hong Kong and Asean join in boat people plea

By **Greg Hutchinson** in Manila

THE Association of South-East Asian Nations and Hong Kong yesterday joined forces for the first time to put pressure on the US and Vietnam to agree to mandatory repatriation of boat people.

Asean and Hong Kong threatened to revoke their role as first asylum countries under which they open their doors to the would-be refugees if Vietnam and the US did not drop their objections to mandatory repatriation by July 1.

At the opening of an international conference in Manila on refugees, the Asean nations – Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand – and Hong Kong said the burden of providing shelter for the boat people had become "intolerable and cannot continue".

Forced repatriation was started late last year by Hong Kong but stopped after one flight because of an international outcry. Hong Kong community leaders have often threatened to end the colony's first asylum role but the government has not done so because of the international storm that would be caused.

Asean and Hong Kong called on Vietnam to take more effective measures to halt departures by boat people, and, in a reference to the US, which opposes forced repatriation, said countries opposed to that solution should set up their own holding centres.

At the end of April there were more than 125,000 boat people being sheltered in south-east Asia – 54,000 in Hong Kong, 26,000 in the Philippines, 20,000 in Malaysia, 15,000 in Thailand and 11,000 in Indonesia.

Mr Manuel Yan, head of the Philippine foreign affairs committee on Indochina refugees, said the Philippines would take the first group of 500 boat people from Hong Kong by July 1 to help relieve camp congestion there.

Crisis deepens over Bougainville

By **Kevin Brown** in Sydney

REBEL leaders in the copper rich island of Bougainville yesterday announced a unilateral declaration of independence from Papua New Guinea, deepening the constitutional crisis in the country.

The announcement was immediately rejected by the governments of PNG and Australia. PNG was formerly administered by Australia, which was responsible for the inclusion of Bougainville when PNG became independent in 1975.

Mr Ted Diro, PNG's acting Prime Minister, said the declaration had been made by "a minority composed of fanatics and cultists who are trying to create hardship for the majority of Bougainvilleans".

Mr Diro said the PNG Government remained committed to a peaceful solution to the crisis surrounding the island. However, the Government has refused to discuss independence with the rebels.

The Australian Foreign Ministry said it would continue to support the territorial integrity of PNG. The independence declaration was faxed to diplomats in Port Moresby in a letter signed by Mr Francis Ona, commander of the rebel Bougainville Revolutionary Army.

Mr Ona, who signed the letter as President of the Interim Government of the Republic of Bougainville, has been in effective command of the island since April, when PNG forces withdrew following a guerrilla campaign in which at least 100 people died.

The worst South African fears surface in Welkom

Political tension and physical proximity breed racial violence in the mines, writes **Patti Waldmeir**

THE RACIAL violence which has left two whites dead in the Orange Free State mining town of Welkom has all the ingredients of the worst South African nightmare.

Although the death toll among whites is small compared with the thousands of blacks who have died in the violence of the past six years, Welkom raises the spectre of a racial conflagration in which a besieged minority of heavily armed whites fights the masses of black South Africa.

Afrikaner history celebrates the image of a tiny band of whites in the laager battling valiantly against a black onslaught. At a time when white South Africans are facing the biggest political and psychological changes since their ancestors first settled in the Cape more than three centuries ago, such imagery takes on new power.

President F W de Klerk, who arrived in Britain yesterday, has told white South Africans that it will abolish the apartheid system which has guaranteed their privileges for the past 42 years.

Whites who oppose Mr de Klerk's plans have few constitutional avenues for their opposition: without major defections of National Party MP's (which now seem unlikely), the ultra-right Conservative Party cannot force a new general election before 1995.

And even if the Conservatives were to succeed in their current campaign to secure 1m signatures on a protest petition, National Party officials say they could not turn back. They acknowledge that the Nationalists would not win another all-white election; their only future is in a multi-racial South Africa.

With little hope of constitutional redress, some whites have reacted by arming themselves, forming so-called self-defence or "security" units which adopt all the trappings of a paramilitary force. Their numbers are almost certainly small; but a few heavily-armed fanatics could jeopardise negotiations due to begin soon on a post-apartheid constitution.

Welkom, an ultra-conservative community in a deeply illiberal part of the country, was among the first to arm itself against Mr de Klerk's reforms. Early in March, right-wing whites formed Blanke Veiligheid (White Security), which for several weeks ran nightly patrols to chase blacks out of the city centre. During this period, two blacks were killed by whites in Welkom, though police say they do not know if Blanke Veiligheid was involved.

Racial tension in Welkom appears to have had its roots in the area's gold mines, where over a quarter of South Africa's gold is produced. Black miners, emboldened by Mr de Klerk's liberalising moves, have demanded an end to racial discrimination on the mines.

The main focus of their protest was the system of hoisting used on the area's mines, in which whites are the last to go down the mine shaft and the first to be hoisted out at the end of a shift; according to union officials, this means that blacks spend as much as two to three hours longer in the heat and dirt of the underground mine than do whites.

Mine officials say the system is based on seniority, and not racial discrimination. But it has none the less become a flash point, with black miners forcing white miners to queue for lifts on a non-racial basis, and some white miners arming themselves to protect against underground attack.

This combination of political tension and physical intimacy, in a profession where men depend on each other for their lives underground, appears to have created the conditions for the conflict at the President Steyn mine on Wednesday, in which two whites died and 12 blacks were injured.

That tension has spilled over into Welkom itself, where the National Union of Mineworkers, the black miners' union, has organised a consumer boycott to protest against attacks.

To prevent reprisals from the white community, police reinforcements have been sent to Welkom. But the loyalties of white policemen in such circumstances are also open to doubt. Police are forbidden from belonging to political parties in South Africa; but when Blanke Veiligheid starts its patrols in Welkom, it first calls in at the police station, where it is assured of a warm welcome.

Pretoria is certain to crack down hard on the violence in Welkom; to allow it to persist would inflame passions in the rest of the country, and make more concrete the spectre of racial conflagration, which still appears a distant threat at the moment.

UK report urges help to end siege economy

By **Mark Nicholson**

BRITAIN should lead a Western initiative to urge the creation of a "vigorous enterprise economy" in South Africa to hasten the end of apartheid, according to a report by the Centre for Policy Studies, a UK think tank.

The report claims South Africa's need for economic growth rather than sanctions has speeded reforms to apartheid and says that the West must back efforts by Mr F.W. de Klerk, the country's President, to create an enterprise economy built on personal initiative and popular participation.

Sanctions have succeeded only in impeding growth. The report argues that the need to meet the economic aspirations of its growing population is the motor driving reforms to apartheid.

One result has been to create a siege economy and leave South Africa a net capital exporter as it seeks to repay its foreign debts.

The West, led by Britain, should create conditions for large flows of inward investment in the republic by, for instance, lifting the bar on South Africa's access to the International Monetary Fund and other international finance agencies.

The report calls for Britain to set up a working party to co-ordinate responses to South Africa during Mr de Klerk's negotiations with the ANC and for the Commonwealth to speed up its Kuala Lumpur report on the republic.

It also urges further domestic measures to break down *dirigiste* command economy tendencies of the National Party government, and calls for a politically independent South African Reserve Bank.

An African Enterprise: Britain and South Africa post sanctions, post apartheid, by Kenneth Costa. Centre for Policy Studies, 8 Wilfred St., London SW1E 6PL. 35pp.

AMERICAN NEWS

Brazilian unions angry at suspension of wage policy

By John Barham in São Paulo

UNIONS and many employers reacted negatively yesterday to the Brazilian Government's decision to suspend its wages policy.

Wage levels had been set by the Government, which linked them to the inflation index. However, Ms Zélia Cardoso de Mello, Economy Minister, said on Wednesday that the Government would allow wages to be freely negotiated.

The unions intend to lobby Congress to introduce a policy protecting wages and employment. They are threatening *industrial action if companies* attempt to lay off workers or reduce wages.

The car industry began negotiating a 20 per cent wage cut a month ago. Unions have until Monday to accept or reject the companies' proposal. Since the unions are likely to reject wage cuts, employers may have to begin laying off workers.

Mr Luis Antonio de Medeiros, president of the São Paulo metalworkers' union, said: "Free wage negotiations do not work in a country with inflation and a brutal recession. It *is a way* for the Government *to* control inflation by reducing wages."

Employers were also critical. Mr Paulo Ferreira of Dow Chemical said that, while he believed in a free market, "I don't know that this is the best way to achieve it."

The Government is coming under increasing attack for fumbling economic policy management.

Earlier this week, it was forced to withdraw a controversial tax measure found to be unconstitutional.

NEWS ANALYSIS *by Anthony Harris*

A worrying maladjustment

YESTERDAY'S $2.35bn widening in the US trade deficit, which virtually disappears if seasonal adjustment is ignored, might stand for almost any economic story in 1990. Perhaps the standard statistical footnote should read "seasonally maladjusted".

The economy has been viewed in a distorting mirror, but the markets have reacted as if to reality. Result: they have suddenly stopped worrying *about inflation, while* the White House has suddenly started worrying about recession.

The seasons have been out of gear, with a freeze-up in December followed by an Indian summer, a cool, wet spring, floods in the Texan deserts and drought in the California farm belt.

This has produced the surge in retail fuel prices (now fully unwound) and the very high prices for fresh vegetables which provoked the inflation concerns.

This ignored the fact that the Federal Reserve has never supposed that it can fight *abnormal* weather through interest rates. Sentiment has followed a fever chart, but monetary policy has not changed at all.

The results for some other series have also been spectacular. The figures, for example, showed a runaway housing boom in January, weakening a little in February, which has now emerged in its true colours as the deepest house-building slump since 1982. This was entirely due to the weather: building sites are usually frozen solid in January, but this year conditions were excellent (and the hottest day so far this year in this region followed early in February).

The employment figures also got twisted: one major reason for the very weak figures last month was a 99,000 "fall" in construction employment. In fact, there was no change: the workers concerned had not suffered their usual winter lay-off.

The economy has been viewed in a distorting mirror, but the markets have reacted as if to reality. Result: they have suddenly stopped worrying about inflation, while the White House has suddenly started worrying about recession.

Other oddities have also bedevilled the figures. A six-week strike at Boeing, the Praetorian guard of US export efforts, messed up the trade figures for months. The trouble-ridden national census this year has led to the hiring of 200,000 temporary civil servants – quite enough to distort the national trends.

The car industry got into bad inventory trouble through poor forecasting, leading to a brief, fierce cyclical fall in output early this year, which has ironically flattered subsequent growth figures (the US habit of annualising month-to-month figures magnifies such distortions). Later this year there will be an apparent surge, since the industry plans to build inventory again as a weapon in its round of wage talks.

By now conditions are nearer *to normal, and the* statistical picture is relatively truthful; but there is wide disagreement about what it shows. Wall Street seems so relieved about monetary policy as to forget any other potential troubles; but the White House clearly regards the economy as fragile.

The consensus forecasts still call for about 2 per cent growth; but all assume quite strong consumer spending, which in fact fell by 1 per cent in real terms in the first quarter.

The bankers, who are now accused by some customers of killing the economy through *prudence, have the gloomiest* perspective.

"I'm certainly not as sanguine as the economists," said Mr Lewis Preston, chairman of the J.P. Morgan bank, after the Business Council meeting in Hot Springs last weekend. "When I get 19 economists agreeing there's going to be 2 per cent growth, there's one thing I can guarantee: there won't be 2 per cent growth."

Salvador rebels and government begin talks

REPRESENTATIVES of the government of El Salvador and the Farabundo Martí guerrilla organisation (FMLN) began talks in Caracas yesterday to achieve a peaceful settlement of El Salvador's long-running internal war, Joe Mann reports from Caracas.

There was no public statement after the discussions but Mr Shafik Handal, head of the guerrilla delegation, said: "There will be no truce in El Salvador unless political agreements are reached." He *added that some of the main* FMLN aims were a big reduction in personnel and greater professionalism in the armed forces.

A UN team is acting as mediator.

Puerto Rican plea

Mr Rafael Hernández Colón, governor of Puerto Rico, has asked President George Bush not to show open support for the Caribbean island becoming a state of the US, Canute James reports from Kingston.

The US Caribbean possession is debating a change in its political status. In a referen*dum expected in two years, the* 3.3m people of the island are to determine whether they want to continue the Commonwealth ties with the mainland, become a state or have independence.

New Surinam talks

Surinamese rebels and the government are to resume talks to end a four-year conflict in the South American republic, Canute James reports from Kingston.

The talks will try to implement a peace agreement reached between the rebels and the government 10 months *ago, which has been criticised* by the army.

The agreement to the resumption of the talks is a setback to the army, which last month arrested Mr Ronny Brunswijk, the rebel leader.

Mr Brunswijk was released on the government's instructions. The rebel group, the Jungle Command, draws its support from descendants of runaway slaves.

Gossip grips Wall Street insiders

Janet Bush hears the latest on a legal challenge to US regulators

THE RECENT decision by a US appeals court to overturn the conviction of Mr Robert Chestman – after the broker had already spent 11 months in jail – has caused some embarrassment to regulators and focused attention on what kind of insider trading cases should be prosecuted.

Mr Chestman had been found guilty of trading on information he received fourth-hand about the impending sale of a family grocery chain. The court ordered him released from jail on the grounds that the information amounted to family gossip and that, as far as he was concerned, it was not confidential.

*Opinion in the legal profes*sion is split as to whether the case against Mr Chestman was simply not proven or whether this will become a test of certain powers under which insider trading cases have been tried.

If the Chestman decision is used successfully as a precedent by defence lawyers in future insider trading cases, it would clearly limit the power to prosecute under some existing statutes.

While there is disagreement on the implications of the case, it has clearly focused attention on two broad public policy issues.

First, there is concern that the US Attorney's Office and the Securities and Exchange Commission have become over-zealous in prosecuting insider trading cases and that this could have damaging implications for the securities industry.

"Part of being in the marketplace is scouring out information and just because someone

SEC's Breeden took tough line

gains an information advantage doesn't mean he is necessarily a criminal," said Mr Stanley Arkin, a trial attorney *who has defended many* famous insider trading cases.

The second issue is that the US has no definition of insider trading.

Prosecutions have used a number of highly flexible, anti-fraud statutes. As the SEC under Mr Richard Breeden intensifies its international cooperation on enforcement to an extent that some suggest it is "exporting US regulation," many lawyers believe that Congress needs to clarify US law.

"I think that there should be a statute on the books which a normal human being can understand so that he knows *what he should* not do," *said* Mr John Stoppelman, a Washington securities lawyer. "The law is a hell of a mess as things are."

Mr John Dingell, the powerful chairman of the House Energy and Commerce Committee and Mr Edward Markey, chairman of the House Telecommunications and Finance sub-committee, last week wrote to Mr Breeden, asking for an assessment of the impact on future prosecutions of the Chestman ruling.

Staff at the Senate Banking Committee said that the Chestman case still left the SEC with ample powers.

Two key legal tools of insider trading prosecutions were affected by the ruling.

The first is Rule 10B5, the sweeping anti-fraud provision in the 1934 Securities and Exchange Act which rests on a theory of "misappropriation," or gaining possession of non-public information and violating a fiduciary duty of confidentiality in so doing.

The second is Rule 14e-3 *which makes it an offence to* trade on misappropriated information specifically involving a tender offer even if the defendant is not violating a fiduciary duty.

Professor John Coffee, who teaches securities law at Columbia Law School, believes that after the Chestman decision, prosecutors must prove not only that a defendant has traded on non-public information but did so in the knowledge that he or she had breached a legal or fiduciary duty of confidentiality.

"If securities analysts are criminals merely because they possess non-public information, *prosecutors are placing* the entire profession on the border-line of legality," he said.

Mr Tom Newkirk, chief litigation counsel at the SEC, said that if the Chestman judgment assumed the power of precedent, it would inhibit the SEC from bringing certain types of insider trading cases. He said that the SEC and the US Attorney's Office were considering a response.

Mr Chestman, then a broker with Gruntal & Co, was charged in 1989 with 31 counts of alleged insider trading in Waldbaum stock.

The SEC alleged that he had been tipped off that a deal was brewing by Mr Keith Loeb, the husband of a niece of Mr Ira Waldbaum, who had decided in 1986 to sell his family grocery store chain.

The prosecution said that Mr Chestman had aided and abetted Mr Loeb in violating his fiduciary duty to his family but the court reversed his conviction unanimously on the grounds that he had not been told that the information was *confidential and that* he had no duty to keep confidential what amounted to "family gossip."

Beyond the legal niceties and confusions of insider trading law is a vague sense that some cases are worth prosecuting and some are not.

Some lawyers are asking at what point receiving confidential information loses its criminality: when it is third hand, fourth hand, fifth hand?

There should be a qualitative difference, they argue, between the prosecution of Mr Michael Milken, the former junk bond chief at Drexel Burnham Lambert and clearly a securities industry insider bound by confidentiality duties, and ordinary individuals who happen across some useful information which they can trade on.

"Some novel theories of legal duty have emerged," commented Professor Coffee. "A prosecutor can *look back and* say that there was a confidential relationship with anyone; neighbours, friends, the guy on the next bar stool."

Nicaraguan public sector workers win pay strike

STRIKING public sector workers yesterday ended a walkout that had crippled the new pro-US Government, AP reports from Managua.

Under the settlement signed on Wednesday night, public sector employees' salaries will be doubled. The Government also promised not to dismiss those who went on strike.

Government buildings occupied for a week by the strikers were vacated by Thursday morning. Nicaragua's estimated 150,000 government employees started returning to work. The international airport, closed since Tuesday, reopened.

The agreement was a victory for the pro-Sandinista unions, which virtually shut down Managua and disrupted life for most of the country's 3.5m inhabitants.

Falklands business guide

By Andrew Marshall, Economics Staff

FOR the entrepeneur who has conquered many exotic markets, a new challenge was opened yesterday: the Falkland Islands.

The tiny South Atlantic community has published its first business directory, to provide information for those who want to do business there. But it also gives a picture of an economy transformed out of recognition by the boom in the fishing industry since 1987.

Five years ago, the Falklands had only two main employers: the Falkland Islands Company and the government. Since then the size of the economy has increased six-fold, and now there are 94 pages worth of businesses, including shops, construction companies, and hotels.

The Falkland Islands Business Directory, Falkland House, 14 Broadway Westminister London SW1H 0BH

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For further details please contact the Joint Administrative Receiver: Richard Neville

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For further information please contact the Joint Administrative Receiver: W. F. Ratford

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Storm over Ravenscraig deepens at Westminster

Cabinet under pressure over steel mill closure

By Philip Stephens and Charles Leadbeater

THE political storm over the planned closure of British Steel's strip mill at Ravenscraig intensified yesterday as Scottish Tory MPs unanimously joined the opposition Labour party in demanding that it reverse the "catastrophic" decision.

There were signs of strains, however, within the Cabinet over the extent to which it could apply moral pressure on British Steel while sticking to its philosophy of not intervening in the business of private-sector companies.

Mr Malcolm Rifkind, the Scottish Secretary, underlined again his view that the decision had been "deplorable". Those close to him stressed that his intensely critical statement to the House of Commons on Wednesday had been given with the full approval of Mrs Margaret Thatcher, the Prime Minister.

As the Labour Party forced a full-scale House of Commons debate next Monday, however, Mr Nicholas Ridley, the Trade and Industry Secretary was said to be distancing itself from any explicit criticism of British Steel.

There was a suspicion at Westminister that Mrs Thatcher approval for Mr Rifkind's stance was less than enthusiastic while during angry exchanges in the Commons, Sir Geoffrey Howe, the deputy prime minister, was accused by opposition MPs of "disowning" the Scottish Secretary. Scottish Nationalist MPs said that Mr Rifkin's position had become "untenable".

British Steel meanwhile claimed to be unruffled by the mounting political pressure upon it to reconsider the decision and insisted it could not be reversed. Sir Robert Scholey, the company's chairman and Mr Martin Lowlarch, its chief executive left the country last night on an overseas business trip and are not due to return until the weekend.

The company said there were no meetings planned with Mr Rifkind, other political parties in Scotland or the trade unions to discuss the decision.

During a 10-minute discussion at yesterday's Cabinet, Mr Ridley was said to have insisted the decision was a commercial judgement by a privatised company and the Government should not be seen to be intervening.

Senior ministers said afterwards that the Cabinet had agreed that it had neither the powers nor the intention of forcing the company to change its mind.

Mr Rifkind, who faced sniping from some right-wing Conservative MPs from English constituencies, insisted that he was not calling for subsidies or compulsion to keep the plant open.

The Scottish Secretary was said to be unrepentant, however, about his backing for vigorous attempts to persuade British Steel to reconsider the closure.

His position was bolstered by the decision of all six backbench Tory MPs - including those on the right of the party - to sign a Labour-sponsored Commons motion calling on all Scottish MPs to unite against the decision.

The motion was said to have the full backing of both Mr Rifkind and, albeit less enthusiatically, of Mr Michael Forsyth, the chairman of the Scottish Conservatives.

If Mr Donald Dewar uses the same formula in Monday's debate, the Government will face the dilemma of either supporting the opposition or provoking a revolt among its own supporters in Scotland.

British Steel regards the decision as a test case of whether its privatisation in December 1988 has freed it from political control to take commercial decisions.

Industrial relations: Labour sets an agenda

John Gapper reviews Neil Kinnock's attempt to lay the ghosts that haunt the past

If Mr Neil Kinnock, the leader of the UK's opposition Labour Party, could abolish a single British institution, he might choose the mass picket.

Even 11 years after the last Labour government, the sight of workers massing outside factories is a potent electoral weapon for the ruling Conservatives of Mrs Margaret Thatcher.

For this reason, the new industrial relations policy to be unveiled officially by Labour next week may be largely a defensive exercise.

Labour, poised in the opinion polls with a sizable lead over the Conservatives, can hardly hope to achieve much more than damage limitation by expounding on its plans for industrial relations law.

Mr Tony Blair, Labour's Employment Spokesman, has made determined efforts since he was appointed last year to define the party's policy on industrial relations firmly enough to withstand heavy probing by Conservative politicians and the press.

His task has not been made easier by a resurgent attempt by some left-wing union leaders to hold Labour to a traditional position – expounded through much of the 1980s – that the law has little place in governing the conduct of strikes and appointments.

Although the Campaign for Free Trade Unions (CFTU) launched last month demanded only that a Labour government complied with International Labour Organisation standards, some of its supporters have argued that this would imply an end to pre-strike ballots.

There seems little doubt that the new policy will win formal approval both from the TUC and from the Labour Party conference later this year. But union leaders such as Mr Ken Gill of the MSF general technical union are likely to continue pressing for wider freedoms.

"It is an advance towards civilisation," says Mr Gill of the new policy, "But we believe people at work have enough restrictions on their liberty without others being put in law. Unions are democratic bodies and they should decide their own rules."

Nonetheless, Mr Blair will insist that the formulae in the new policy document covering "Individuals and their Unions" cannot be weakened. In doing so, he will have the support of the Labour leadership and enthusiastic backing from many union leaders.

At the heart of the new policy is an attempt to combine rights for workers such as training and health and safety protection, with collective immunities for unions. The policy will retain pre-strike ballots and set limits on secondary action and picketing.

● Ballots. Labour will retain a cornerstone of the Conservatives' industrial relations

Neil Kinnock

reform - the requirement of the 1984 Trade Union Act that unions must ballot members before calling them out on strike.

The use of pre-strike ballots since 1984 to legitimise strikes and as a strike substitute has endeared them to many unions. A 1989 ruling in favour of ballots by an ILO committee of experts arguably implies that even the CFTU's supporters should favour them.

● Secondary action. This is one of the most sensitive areas of industrial relations law for Labour because of the political unpopularity of instances of sympathy action by workers not directly connected with the primary dispute during the 1970s.

Last year's policy review wording that workers taking sympathy action should have "a genuine interest in the outcome of a dispute" has been refined. There would now have to be "a direct interest between the two groups of an occupational or professional nature."

The new document, approved by Labour national executive this week, gives three examples likely to be used as the limits on action. The first is "where the employer is doing the work of the primary employer or is otherwise an immediate customer or supplier."

The second example is where "the outcome of the primary dispute will necessarily or probably affect the terms and conditions of the other employer's employees." This is meant to apply where a second employer in the same industry is likely to press similar changes.

The final example is "where corporate legal identity is used artificially to make sympathy action unlawful." This is intended to cover cases in which an employer splits a company prior to a dispute, although the case of splitting well in advance is unclear.

● Picketing. The number of pickets will continue to be limited, probably to the six specified now. There will also be limited cases where secondary picketing is allowed "where the second employer is directly assisting the first to frustrate the dispute."

● Union recognition. A legal right to union representation on disciplinary matters for members would be established. Some mechanism probably involving a threshold of membership would also be used to enforce collective bargaining recognition in some companies.

● Right to strike. For the first time, someone who went on strike could not be dismissed for doing so. At the moment, an employer is allowed to dismiss those going on strike although not allowed to dismiss selectively or rehire selectively for three months.

These mechanisms will be enforced by a new Industrial Court. Labour leaders believe the retention of limited immunities for unions calling industrial action alongside a new framework of individual employment right would require only a single Employment Bill.

Mr John Edmonds, general secretary of the GMB general union and one of the architects of the new policy, believes the union aspects are "tightly worded enough not to expose a flank" while the individual rights for workers will gain Labour fresh popularity.

The fundamental question for Labour from next week will be whether it can convince enough voters there would be no widespread return to secondary action and picketing. If it does so, it has a chance of gaining support for the new individual rights it espouses.

US companies win phone and TV franchises

By Raymond Snoddy

US cable television and telephone companies were yesterday awarded cable franchises in the north of England covering around 900,000 homes.

The decision by the Cable Authority, the industry regulatory body, on franchises covering the Manchester area, further consolidates the dominance of the UK cable industry by major American corporations.

The Wigan franchise was won by Cable Communications a company put together by Mr Owen Oyston, the Lancashire millionaire but in which South Western Bell, one of the "Baby Bell" companies has the majority financial stake.

Bury, Rochdale, Oldham and Tameside went to Comment Cablevision, a company backed by US Cable and Ninex, the New York phone company. Telecable a large American cable network operator won Stockport and in greater Manchester Salford and Trafford went to a joint venture of Masada and Pacific Telesis, another Baby Bell.

The franchises cover 899,000 homes. It is believed these franchises went to American interests because the applications were better financed than the British backed opposition.

DAF likely to buy British bus manufacturer

By Ian Hamilton Fazey, Northern Correspondent

OPTARE, the bus manufacturer resurrected by its workforce when British Leyland closed it in 1984, is to be bought by DAF if three-quarters of the employee shareholders agree.

The deal would yield between five and seven times their investments in the business. The total price DAF will pay is asset-based and unlikely to exceed £5m.

DAF plans to put Optare in charge of all its United Bus operations in the UK, which include DAF Bus and MCW. Mr Russell Richardson, Optare's chief executive, would run the new business. The move would be part of a European drive by DAF, which intends to set up subsidiary companies in most countries.

Outside the UK United Bus is operated by Bova and DAF Bus, and controlled from group headquarters in Eindhoven in the Netherlands.

Optare came to Daf's notice through its design of small buses for deregulated local services. The design was imitated and a joint venture followed to make the lightweight Delta bus model, which uses a Daf chassis and Alusuisse of Switzerland bodywork.

Councils lose case on sales of water assets

By Robert Rice, Legal Correspondent

CLAIMS brought by 15 local authorities for compensation arising out of the privatisation last year of the regional water authorities in England and Wales were thrown out yesterday by the High Court.

The local authorities led by city councils in Manchester and Birmingham, north west and central England, were seeking £3.4bn in compensation from eight of the 10 former water authorities and their successor companies for around £13bn worth of assets owned by the municipal authorities before the transfer of control of the industry to the water authorities in 1974. The water companies are responsible for pipe supplies and sewerage facilities.

The actions were being defended by the Government because of an open-ended indemnity against such liability given to the water authorities and successor companies to avoid postponement of the industry's flotation.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, ruled that ownership of the assets had been transferred to the water authorities in 1974. The councils were therefore not entitled to the proceeds of any future sale of assets or compensation for their loss.

The councils had argued that the 1974 transfer was only of management and control over the assets, not ownership. Sir Nicolas rejected the councils' argument that Parliament could not have intended ownership of the assets to be transferred without compensation.

The local authorities were ordered to pay costs of the case and were given leave to appeal.

Major says poor government figures fuelled high levels of inflation

Sweeping reform planned for statistics

By John Authers

MR JOHN Major, the UK Chancellor of the Exchequer, announced a sweeping revision of the government's economic statistics collection yesterday, in an attempt to solve "severe problems" in some areas.

The measures may require around a hundred new staff and follow last year's reorganisation of the Central Statistical Office.

The move, which had been advocated by both the Treasury and the CSO, was acknowledged as necessary to keep statistics in line with the "deregulated economy".

Mr Major said, in his speech to the Confederation of British Industry, the employers' organisation, last night, that the current high levels of inflation might have been avoided had government statistics not contained "growing gaps and inconsistencies."

The changes to statistical coverage involve three areas:

● Services. More information is to be collected on external trade in services on a quarterly basis.

Inquiries will also be every quarter on turnover. The aim is to improve the output measure of Gross Domestic Product, 50 per cent of which is accounted for by private service industries.

● Companies. Capital expenditure, stockbuilding and profits will all be monitored more closely than they were before.

● Balance of payments. More enquiries will be made about direct external investment by British companies, and also about dealings with domestic and overseas residents.

The first of the improvements should be adopted "by the autumn and winter", according to Mr Major. He told the CBI last night: "There will obviously be compliance costs, but we shall ensure that these proposals do not lead to unnecessary or excessive burdens on business."

Jobless rise revives bitter memories

But its scale is unlikely to match the 1980s, writes **Andrew Marshall**

THE first rise in UK unemployment for four years, announced yesterday, will revive bitter memories of the surge in job losses in the early 1980s. But it is unlikely to lead to job losses on that scale.

Coming amidst a flurry of redundancies, the figure was not unexpected. British Telecom, British Steel, Distillers, Imperial Tobacco and Storehouse are just some of the companies which have announced job cuts in the past month.

That is partly the result of the monetary squeeze which the Government has been applying since mid-1988 to slow the UK economy. But the medicine has taken longer than expected to work.

Pay rises are surging above 10 per cent a year as negotiators seek to match the rise in retail prices inflation. Policymakers and companies alike are concerned that although the labour market is weakening, wage rises still show no signs of decelerating.

There was further evidence of that in yesterday's figures. The underlying rate of average earnings growth stayed at 9.5 per cent a year in March, the same as in the previous two months, although it is expected to rise further as April pay increases feed through.

But it rose in the manufacturing sector from 9.25 per cent in February to 9.5 per cent in March. Estimates of underlying earnings growth in January were also revised up.

Rising wages on their own are not necessarily inflationary – if they are matched by increases in output. But as high interest rates have bitten into consumer demand, so productivity growth has declined to about 1 per cent a year. The result is that the annual rise in unit labour costs is rising steeply. It jumped to 6.8 per cent in the three months to February, up from 6.3 per cent in the three months to January.

This should lead to pressure on companies to reduce their staff to bring unit wage costs back into line.

According to past experience, the trough in unemployment might have been expected in the first quarter of 1989; or by the first quarter of this year at the latest, Goldman Sachs, the securities house, says. Although April's figures are evidence that this is taking place, so far the adjustment has been ambiguous.

There have been warnings from the Government, the Bank of England and the private sector that unemployment was set to rise. The Employment Institute, a private sector research body, has cautioned that "the outlook for employment looks bleak" as the Government keeps the pressure on the economy. This echoes the warning from the Confederation of British Industry that 54,000 manufacturing jobs would be lost over the next three months.

But there is little likelihood of a rapid return to high unemployment, analysts argue.

The fall in unemployment has been distorted by an increase in government training programmes, increased public sector-related employment and attempts to remove fraudulent claimants from the register, Chris Dillow of Nomura Research Institute says.

"This means that not only is there less scope for private sector labour-shedding than is commonly thought, but also, as these training schemes persist, unemployment will be depressed, perhaps by as much as 20,000 per month," he argues.

Demography will also affect the pace of the decline in employment.

Unemployment stayed so high in the 1980s partly because the population was growing very rapidly.

The other main factor in the wage and employment equation is the corporate response. Companies are only able to grant rising wage demands and keep on staff to the extent that their own profit margins can stand it.

In many sectors falling demand has not yet been sufficient to damage margins.

"The analysis is impressionistic, but for the average British company, profits have continued to expand," says Mr Peter Spencer of Shearson Lehman Hutton.

Farmers satisfied by action on 'mad cows'

By David Blackwell

THE National Farmers' Union is seeking no further government measures on bovine spongiform encephalopathy (BSE), the so-called "mad cow disease."

Sir Simon Gourlay, the union's president, yesterday said after meeting Mr John Gummer, Minister of Agriculture, and other officials: "The NFU accepts that the controls which now apply are correct in the light of current scientific opinion."

He said there was scientific evidence, on which he did not elaborate, that a policy of slaughtering calves born to infected cattle – one of the additional measures which has been mooted – could actually prolong the incidence of BSE.

Mr Gummer meanwhile told the Commons that public health was the Government's top priority.

He repeated his assurances that British beef was safe to eat and that his department had relied on the best scientific advice.

The Meat and Livestock Commission, the Government-appointed regulatory body for the meat industry, yesterday wrote to every education authority in response to what it described as "the absolutely hysterical outburst in the last few days" over BSE.

It urged authorities not to take beef off school menus, leaving children with "an unwarranted prejudice about beef."

After meeting Mr Gummer, Sir Simon said: "In accordance with our concern at all times to ensure the safety of the consumer, we shall continue to monitor closely the development of scientific opinion about the nature of BSE and consumer anxiety about the effectiveness of the control arrangements.

"I have absolutely no doubt whatsoever, so far as you can eliminate risk, that the risk of eating beef has been eliminated and beef is perfectly safe."

He said beef demand had held up this week, but, if the crisis followed a similar pattern to the eggs crisis in the winter of 1988-89, next week would be critical.

If demand for beef fell sharply, its effect on farmers who depended on beef alone would be disastrous.

In addition to the letter to education authorities, the Meat and Livestock Commission is spending up to £200,000 advertising in national newspapers its message that British beef is safe. Next Saturday it will launch a £1.2m campaign to promote meat in general.

Mr Colin Maclean, the commission's technical director, said it was aiming to reassure the public by clearing up the ignorance and confusion surrounding BSE.

The commission was offering to visit any local authority wanting more information about the disease, he said.

Mr Geoffrey John, the commission's chairman, denied that the letters and advertising campaign were a panic reaction to the BSE crisis.

"We are concerned about the gross inaccuracies, speculation and misguided statements from people on the touchlines," he said.

BRITAIN IN BRIEF

Cost grows for new N-station

Sharply increased cost estimates for the cost of building the Sizewell nuclear power station in Suffolk have been submitted to the Government by Nuclear Electric.

The cost of building Sizewell will now exceed £2bn in 1987 prices, according to the new estimates prepared by Nuclear Electric, which operates the nuclear power stations in England and Wales formerly run by the Central Electricity Generating Board.

The new estimates were delivered late on Wednesday afternoon to the Department of Energy following a six-month review of the costs of the Sizewell project. The latest published construction figure for Sizewell is £1.87bn, also in 1987 prices.

Anti-nuclear campaigners are certain to use the disclosure of the cost increase to demand the cancellation of Sizewell which is due to be completed in 1994.

Laporte seeks new investment

Laporte, the large speciality chemicals group, yesterday joined a slowly lengthening list of the companies raising new money from investors.

Laporte is asking its shareholders for around £144m, net of expenses, via a one-for-four rights issue at 425p a share. Solvay et Cie, the Belgium chemicals company which owns 25 per cent of Laporte, has agreed to take up its entitlement and the remaining shares have been underwritten by S. G. Warburg, the investment bank. Last night, Warburgs said that sub-underwriting had been completed fairly smoothly.

Fishermen near legal victory

Spanish fishermen cleared another legal hurdle yesterday in their fight to have their right to register their vessels under the British flag restored.

If an opinion in the long running Factortame litigation delivered to the European Court of Justice yesterday by Advocate General Giuseppe Tesauro is followed by the full court, the application of the 1988 Merchant Shipping Act, which changed the registration rules for British vessels, will be suspended pending the final determination by the Court of the question of whether the Act is incompatible with Community law.

The Spanish want to overturn the 1988 UK amendment governing the registration of British fishing vessels in order to put a stop to the practice known as "quota hopping" under which the UK's fishing quotas were "plundered" by British flagged vessels which had no genuine link with the UK.

Vietnam to get UK aid

The Government is to channel official aid to Vietnam for the first time since that country invaded Cambodia in 1978.

Announcing that £1m had been set aside for contribution to the work of private charities, Mrs Lynda Chalker, Aid Minister, said the decision followed the recent UN decision to try and tackle the root causes of boat people migration through support for intensified effort by non-governmental aid organisations.

Wood: stepping down

Hong Kong for SFO man

The first director of the Serious Fraud Office, which was set up two years ago to investigate and prosecute serious or complex fraud cases, is to step down in September to take on the position of Director of Public Prosecutions in Hong Kong.

Mr John Wood said yesterday that he had been planning to retire next February, shortly after his 60th birthday, but is leaving earlier because of the Hong Kong job.

The SFO was set up under the Criminal Justice Act 1987 to bring together accountants, lawyers and the police in one body with the aim of making fraud investigations more effective. It was also given wider powers than those previously available – although Mr Wood said yesterday that these had not been used to any great extent on any of the large cases the office has pursued.

While under the direction of Mr Wood, a lawyer who had previously been in charge of fraud cases for the Director of Public Prosecutions, the SFO has come in for criticism for the length of time it has taken to investigate cases and its failure to obtain convictions in some big prosecutions.

Italian interest in headhunting

Goddard Kay Rogers, the UK executive search consultancy, has acquired a controlling interest in an Italian head hunter, bringing to three its subsidiaries on the Continent.

GKR Rebua is based in Milan and will continue to be lead by its founder Dr Giorgio Rebua, a former executive of Fiat who moved into executive search in 1979.

Health union threatens strike

THE PROSPECT of the first industrial action in the National Health Service since the six-month long ambulance dispute came yesterday as leaders of the health service union Cohse urged their members to reject an offer that would add 7.8 per cent to the hospital ancillary workers' pay bill.

A branch poll could be followed by an individual ballot on strike action. Other unions involved in the negotiations, including the public service union Nupe, are also conducting ballots but have not gone as far as recommending rejection.

Sea scheme for carbon dioxide

British Coal is investigating a radical method of using power station emissions to improve the environment instead of harming it.

Carbon dioxide (CO_2) from power stations, which currently enters the atmosphere and helps create global warming, could be fed into the sea to boost the growth of marine organisms and, British Coal claims, "give the whales a real break".

Mr Malcolm Edwards, the corporation's commercial director, will outline the scheme today. In a speech to the Institute of Energy, he says British Coal was willing to support research into cheaper ways of concentrating and extracting CO_2 from power stations than those currently available. There could be many ways of using the CO_2, such as boosting oil recovery from old wells.

Record number of charities

The number of registered charities in England and Wales has reached a record 168,170 with 4119 new organisations registered last year, the Charity Commissioners said in their annual report yesterday.

More than 1,000 complaints were made to the commissioners about charities during the year, mostly involving allegations of fraud, maladministration or fundraising abuse.

Mr Robin Guthrie, chief charity commissioner, in a comment on the report criticised the "dangerously simplistic view" that low administration costs necessarily meant that a charity was more efficient and effective. He said this attitude had led to some charities shunning modern methods.

No central plan for roads

Robert Atkins, Minister for Roads and Traffic, yesterday ruled out both strategic planning and road pricing as ways of tackling London's traffic congestion.

He told an Institution of Civil Engineers seminar that the integrated approach to transport policy sounded too much like centralised control, and technology had a long way to go before an acceptable system of road pricing could be introduced.

Garden festival in Gateshead

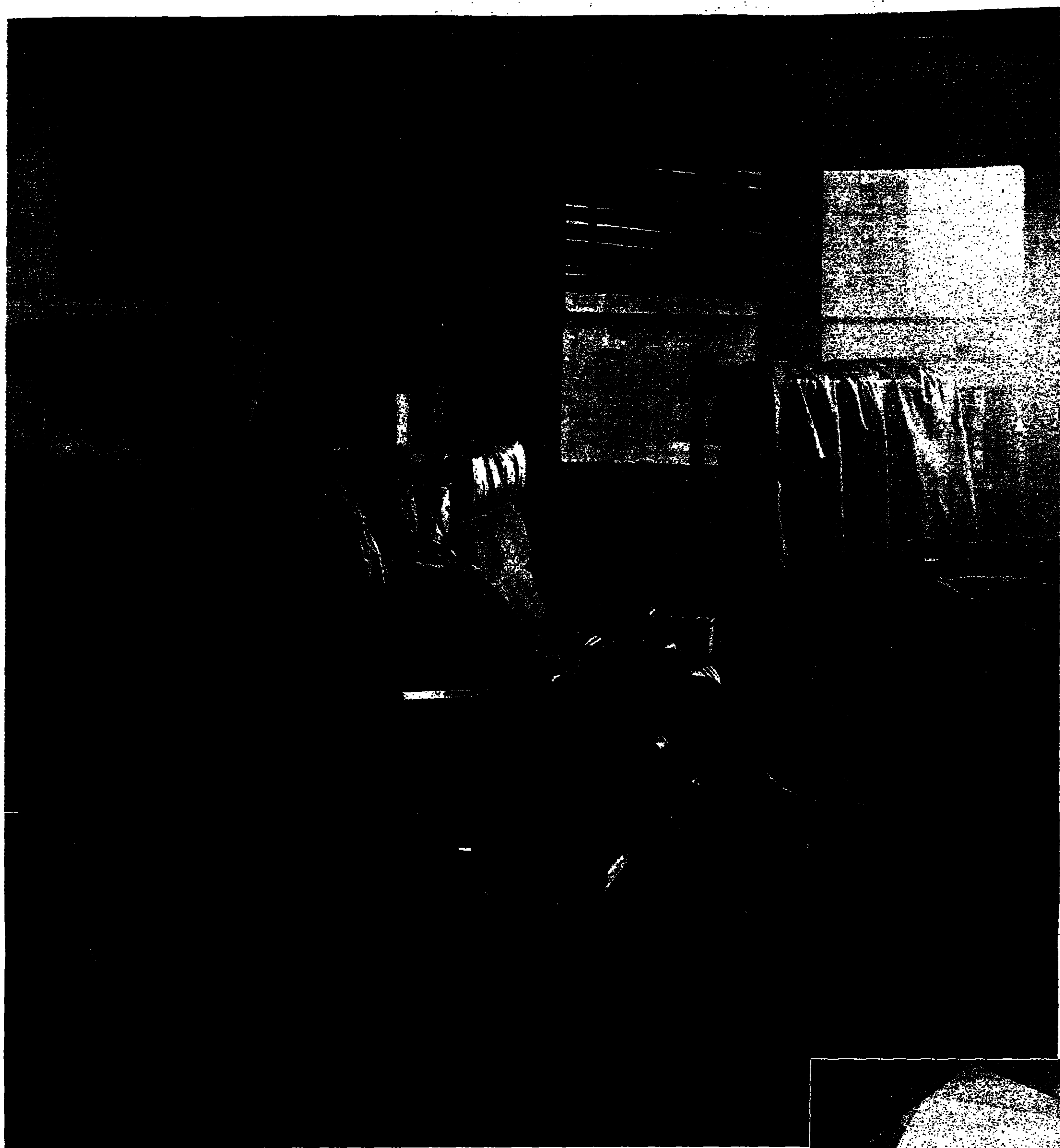
Britain's fourth national garden festival will be opened today by the Princess Royal in Gateshead, on the banks of the Tyne, on 200 acres reclaimed from disused railway sidings and derelict gas, tar and coking works at a cost of £29m, three-quarters of it from the Government.

The festival, which will run until October 21, is thought to be Europe's biggest single horticultural, leisure and tourist attraction in 1990.

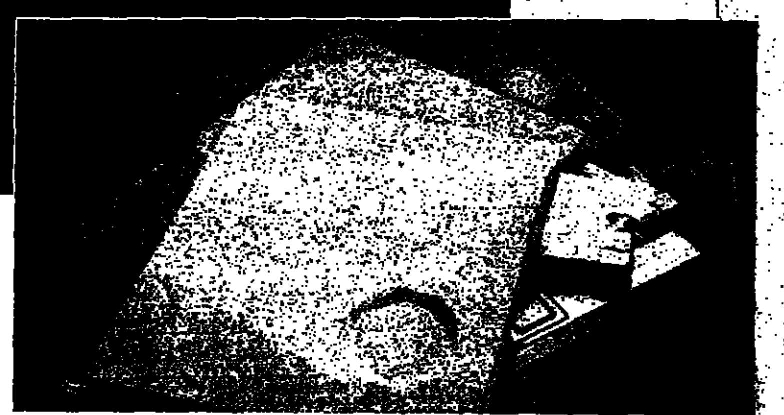
About 4m visitors are expected to the gardens, shops, sculptures and exhibitions, which should enable the festival to cover its £8m running costs.

Garden festivals began in Germany in the 1930s as a means of speeding removal of large-scale dereliction by providing a focus to get the work done quickly. The event has created about 1,000 jobs during construction and will provide work for 1,400 people while it is operating.

Princess: opening festival



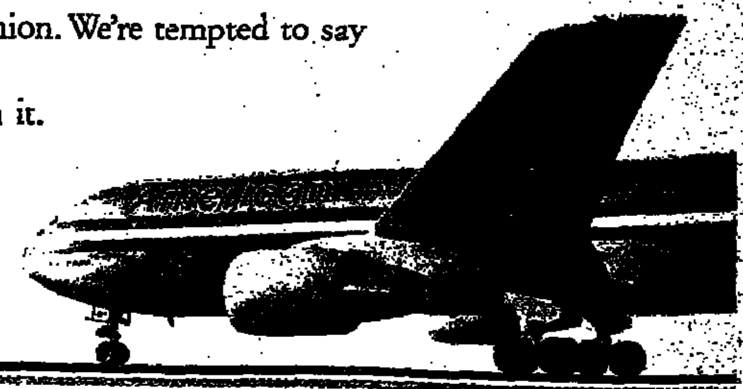
Few airlines can stretch to the comforts of our new seat. Note the legrest, angled at a languid 60° instead of the usual 45°.



Our swivel tray-table lets you come and go without getting into a flap.

GENEROUS RECLINE, FLEXIBLE FOOTREST, SUMPTUOUS LEATHER AND THICK SHEEPSKIN. FLYING OUR *New BUSINESS CLASS* IS AN EYE-OPENER. So technically advanced is the basic structure of our new seat, it could have you dozing off even *before* the upholsterer goes to work on it. To our craftsmen, a challenge indeed. And one they amply rose to, judging from the plumpness of the cushions. Likewise the adjustable headrest. The armrests, too, are more fully padded. And everywhere the leather not stretched taut but gathered into rich tucks and pleats (an indication of how much of it those determined craftsmen saw fit to use). For all their expertise, though, the ultimate expert remains you yourself. And the ultimate test a transatlantic flight. To reserve a seat on one of our daily departures from seven European countries, contact your travel agent or local American Airlines office. Meanwhile, we eagerly await your opinion. We're tempted to say you won't have to sleep on it.

Unlike the wine list, our electronic headphones are anything but vintage.



American Airlines Business Class

Installation of new seats will be completed by June.

Corporate restructuring

Dowty: shaken out of its defence complacency

Richard Tomkins explains the group's shift towards civil manufacturing

The day a motorcade of Zil limousines drew up outside Dowty's CASE Communications subsidiary in Watford and disgorged the distinctive figure of Mikhail Gorbachev was a great coup for Dowty, the engineering and electronics group.

Billed as an opportunity for the Soviet leader to look at a showpiece of British computer technology, it was Gorbachev's only factory tour during his brief visit to the UK in April 1989. The result was a massive dose of free and favourable publicity.

Ironically, in the months that followed, Dowty's share price was to be influenced less by Gorbachev's interest in the group's computer networking skills than by worries over the same man's enthusiasm for cuts in spending on defence, still Dowty's biggest single market.

But in highlighting the group's new-found prominence in information technology, the visit did draw attention to the far-reaching changes that have taken place at Dowty in the past three years – changes epitomised in last month's decision to drop the familiar Dowty logo in favour of a new corporate identity.

The old logo had served Dowty since the late 1930s, appearing a few years after Sir George Dowty founded a mining hydraulics, engineering and aero equipment group on the back of his pioneering work in hydraulically-operated aircraft landing gear systems.

Sir George was a gifted engineer, but in the early 1970s his successors found themselves having to react to the increasing importance of electronics in controlling hydraulic systems. They set about buying in the necessary skills with a series of acquisitions that took the group into defence electronics.

By 1979 Dowty was a group with four divisions. Easily the biggest was mining equipment, accounting for nearly half the group's sales. Aerospace accounted for another quarter, and the rest was split between the emergent electronics business and industrial hydraulics.

Today, it is a very different shape – and one which has been largely fashioned by Tony Thatcher, 50, who in 1986 stepped up from the electronics division to become group chief executive.

It is not just the divisional structure that he has changed. He has also been working away at Dowty's corporate culture, taking hold of a com-

Tony Thatcher: military culture made for a bad ethos

pany too often perceived as complacent and bracing it for the intense competitive challenges of the 1990s.

In changing the group's shape, the mining equipment and industrial hydraulics divisions have disappeared. Electronics is now the biggest sector – nearly half group turnover – but that has been split into two: the defence-oriented electronic systems division, and information technology. Aerospace takes another 40 per cent of sales, and a newly-created polymer engineering division – the rump of the industrial division, making industrial seals – accounts for the rest.

Thatcher says that Dowty's complacency was born of the years during which its aerospace and electronics activities were heavily oriented towards the then buoyant defence sector – particularly the Tornado programme, which at its height accounted for 23 per cent of group turnover.

"The military culture made for a bad ethos, because it didn't particularly matter if you bought or made things very economically if you were on cost plus contracts," says Thatcher. "People had been brought up in a Ministry of Defence atmosphere where excellence was the name of the game, not economy."

The seeds of change were sown in the early 1980s when Dowty saw the big military programmes starting to dip and realised it was going to have to throw itself into the expanding civil aerospace market to fill the gap. That meant putting the group on a much more competitive footing.

One of Thatcher's first moves as chief executive was to accelerate this process by putting all the group's activities through a strategic business unit, or SBU, analysis. This made people define what business they were in, what markets they served, the amount of resources they absorbed, and the returns they were making.

The exercise threw up some surprising results. One highly-regarded business that seemed to be generating £1m worth of sales a year through the labours of just five people turned out to be a disaster area, employing 30. Another business thought to be more trouble than it was worth turned out to be delivering a breathtaking 48 per cent return on capital employed.

Having taken each of the group's businesses apart, the next stage was to examine their markets. Each was studied to see whether Dowty had a competitive advantage in it, and if not, to see how that advantage could be gained. If no advantage was available, then the business was to be closed or sold.

The effects of the SBU analysis were traumatic. It resulted not just in a shake-out of between 2,000 and 3,000 jobs in the existing operations, but in last year's disposal of the mining equipment and industrial hydraulics businesses – core parts of the Dowty heritage – to their managers.

These two disposals in particular, says Thatcher, were agonising. But a study of the industrial hydraulics market showed that Dowty had too weak a position to secure competitive advantage. In mining equipment, Dowty did have a dominant position, but all the signs pointed towards a declining market.

SBU analysis, however, was not all chopping and axeing. One conclusion it threw up was that the information technology division was not big enough. Far from closing it down, Dowty spent £84.9m beefing it up through the acquisition late in 1988 of CASE, a move that has given the division the international clout it lacked.

Thatcher believes Dowty's restructuring has left it a well-balanced group in growth markets. Recent gloom over the group's exposure to the defence sector, he argues, is misplaced.

In the aerospace division, for example, he points out that the proportion of turnover going to the civil sector has risen from 40 to 60 per cent over the past four years, and continues to rise with new civil orders coming in, such as the recent $500m contract to supply landing gear for the Airbus A330/340.

Mikhail Gorbachev's only visit to a factory during his brief tour of the UK last year was to Dowty's CASE Communications in Watford

The electronics systems division, Thatcher acknowledges, is wholly defence-related, but cuts in the number of tanks or aircraft, he says, will tend to be matched by an upgrading of existing stocks. Meanwhile, anti-submarine warfare – Dowty's speciality – still looks one of the most secure areas of defence budgets.

Overall, defence already accounts for less than a third of group turnover and, Thatcher believes, it will be down to 25 per cent within two or three years – not because it faces sharp decline, but because it will be left behind by strong growth in Dowty's civil aerospace, information technology and industrial polymer businesses.

That said, the financial performance for the year to March 1990 seems unlikely to set the world alight. Analysts are expecting only a modest increase in pre-tax profits to around £83m (£79.1m), and with more shares in issue because of the CASE acquisition, earnings will do well to stand still.

Thatcher, though, makes no apologies. Between £3m and £5m worth of pre-tax profits was lost through an unhappy coincidence of strikes at Boeing, British Aerospace, Dowty Canada and Dowty Boulton Paul. And to come through a year in which it exchanged its mature hydraulics businesses for the new CASE operation without a dip in earnings is, says Thatcher, "a tremendous achievement."

So is it now just a case of sitting back and waiting for the restructuring to pay off?

Hardly. "What we are trying to do now is to reinforce the focus that the SBU approach has given to our business with a whole new culture of customer service," says Thatcher.

Total quality, competitive advantage and preferred partner are now the buzz-words echoing around Dowty's Cheltenham headquarters. The group's re-orientation as a market-focused company is the subject of a management training programme that last year won a National Training Award. And the new logo is all about stressing the inter-dependence between Dowty and its customers.

The same theme is also being drummed home in a toughly worded video message that has gone out from Thatcher to all employees warning of the competitive threat he sees coming from the Far East in the 1990s.

Japanese and Taiwanese manufacturers are already moving into aerospace, electronic systems and information technology, Thatcher says, and the Koreans, the Indonesians, the Singaporeans and the Thais are not very far behind.

"I am saying to our people that you only have to look at the appliances in your homes to realise the effect that their level of service and innovation has already had on the western manufacturing base, and that if we are going to outstrip them, there is going to have to be a radical change in the way Dowty goes about its business."

'Never join the board of a public company'

By Simon Holberton

Consider these two views about the role of non-executive directors.

William Sahlman, writing in the latest Harvard Business Review*, says that in the US the director's main responsibility is to help management maximise distributable value to the company's shareholders.

But he proclaims a simple rule: never join the board of a public company. Non-executive directors in the US expose their time, reputation and finances to great risk, and, for little monetary reward, given the litigious nature of the American people and the tendency of the press to tar all directors with the same brush.

Until the law is changed to expose litigants to the costs of their actions, Sahlman, who is a professor at Harvard Business School and a director of a number of private companies, will continue to reject offers to sit on the boards of public companies. But there is another change he also advocates.

Because he believes the central role of directors is to maximise value to shareholders he argues that directors should be significant owners in the company. Like so many American theorists on management and corporate performance he believes that giving directors the potential to become very rich is one of the key solutions to corporate America's success.

Two European business school professors also start with the proposition that the role of directors is to add value to the company. To be fair to Sahlman, they do not address the issues of their pay or legal responsibilities (perhaps it is significant that they don't), but they display a far wider view of what the role of non-executive directors should be.

Ada Demb and Friedrich Neubauer, both professors at the Lausanne-based International Institute for Management Development (IMD), take the view that the board is a "fulcrum where a comprehensive view of corporate activity comes together with a responsibility for understanding social, economic, and stakeholder demands for performance accountability."

They argue that the greatest value the board can perform is in challenging senior management to take a broader view of the world. This creates a "constructive tension" which can lead management to make a more robust response to the demands of corporate governance.

Demb and Neubauer, who are conducting research into corporate governance at IMD, suggest a three-way method of building competence at board level so that the directors can lead, not follow. These are:

- Develop breadth of experience at the board level. Their research has shown that many European companies are bringing Japanese and American businessmen on to their boards "to capture first-hand experience and a gut-level appreciation of important markets."
- Bring people on to the board who, as outside experts, can look at issues from different perspectives and add to understanding of a company's strategic environment.
- Create an atmosphere which is tolerant to the board spending time discussing issues which involve taking no immediate decisions. Demb and Neubauer quote one north American board member who told his chairman that he would not evaluate a future investment plan in isolation. He successfully argued for the board to discuss the company's strategic orientation.

Tunnel vision

Such a process would help a company defeat what the authors describe as its greatest adversary: tunnel vision.

Do these two views tell us very much? Although they approach the subject from different vantage points it is interesting that Sahlman places so much emphasis on remuneration and shareholders' interests. The Europeans, by contrast, locate the company within society and suggest that directors ought to think about that, as well.

Why sane people shouldn't serve on public boards, William Sahlman, HBR, May-June 1990. (Reprint No 90312, available from: Dynamic Graphics International, PO Box 25, 3950 AA Maan, The Netherlands.)

Adding value with the corporate board, Ada Demb & Friedrich Neubauer, Perspectives for Managers, International Institute for Management Development, PO Box 915, CH-1001 Lausanne, Switzerland.

THE PROPERTY MARKET

Tenants turn to traditional leases

By Paul Cheeseright

SIGNS are accumulating that the traditional lease structure is beginning to crumble, become more flexible. This structure, unique to the UK and based on leases of 25 years with reviews of rent every five years providing only increases, is proving too rigid.

To a large extent, the 25-year leases spring from the desire of investing institutions for both security and trouble-free management. Property investment, especially in the case of large office blocks let to a single tenant, then becomes a matter of rent collection.

But the relative importance of the domestic financial institutions in property investment is decreasing. Their interest in new property investment was on a waning trend throughout the 1980s. Yet, with the properties they retain, the institutions are developing a more energetic approach.

There is, for example, a greater readiness to accept multi-tenanted buildings as an investment because they provide the chance for continuing rises in revenue as tenants change, rather than quinquennial increases. It is precisely in multi-tenanted buildings that more flexible leases are most likely to emerge.

The diminished importance of the domestic institutions has been accompanied by spreading property ownership, not least from foreign sources. As the pattern of ownership becomes more varied, as the UK market becomes more susceptible to foreign influences among property-owners, and as demands come from foreign tenants for leases closer in form to those with which they feel happy at home, so catalysts for change are at work.

But the pattern of change varies throughout the industry and the speed of change is erratic. There are, in any case, two threads. One is temporary and related to the state of the market. The other is longer term and related more closely to management techniques and investment expectations.

The temporary thread springs from a market where there are too many buildings and not enough potential tenants actively seeking space. Talking of the City of London office market, Bill Peach of Baker Harris Saunders, the chartered surveyor specialising in City offices, noted that "landlords do everything they can to keep the rent up."

The price they pay for this is to offer extended rent-free periods to new tenants. Landlords might take the responsibility for the previous accommodation occupied by new tenants. They will probably offer new tenants a capital inducement by meeting part of their fitting out costs.

It is a symptom of the current City market, said Mr Peach, that rent-free periods are getting longer. And such periods are obtainable in London's West End, observed Liell Francklin of Savills, chartered surveyor, although they are little advertised.

Elsewhere in the office sector, the general surplus of business space – B1 – ensures that rent-free periods will become frequent. At this point, though, the longer-term thread crosses the short term because some US companies taking space in office parks have insisted on the shorter leases which are commonplace in the US. In any situation of surplus, such demands are more difficult to resist by the landlord.

Both Mr Peach and Mr Francklin noted that, in the past, there had been attempts in the City and West End to introduce shorter leases with rent reviews every three or four years, but the practice had never been widespread. For the most part, the innovators have been foreign.

Clearly it is easier to introduce shorter leases when floors rather than whole buildings are leased. It is attractive to investors wanting active management of assets, because there are more frequent opportunities to increase the stream of rental revenue both through reviews and changing tenants.

It is the multiplicity of tenants which, in the retail sector, makes possible the introduction of turnover rents, long the norm in the US and frequent, too, in France. Shopping centres in the US have generally been more actively managed than those in the UK.

Capital & Counties had been a lone landlord in using turnover rents, but the practice is now followed by such others as GRE Properties. It will be used by Shearwater and Blue Circle Industries when their Blue Water Park shopping centre at Dartford is constructed later this decade. Olympia & York is importing its North American practice to Canary Wharf.

The CapCo system is to establish a notional rent, charge 80 per cent of it and, for the balance, take the greater of the total notional rent or a sum expressed as a percentage of turnover.

The idea is to knit the retail tenant and the landlord closer together, creating an identity of interest in the commercial success of the centre. It is a sort of halfway house between a loosely managed centre with tenants on traditional lease terms and a US mall where, for smaller retailers, the leases may be as short as a year but where the landlord would provide more facilities.

There have been fewer changes in the industrial sector. "The most obvious is the move away from leases altogether," said Bob Thompson of King and Co, chartered surveyor, referring to owner-occupation trends. "Freehold is becoming more popular."

But there has always been a spread of leasing options in the sector, ranging from the Slough Estates preference for those of 25 years to the quick-in quick-out licence for a property in the small units of state-owned bodies such as English Estates and the Welsh Development Agency.

There is one sector, however, where the movement is not away from the traditional institutional lease but towards it. This is pubs, where turnover of tenants has often been rapid, where the value of the property has been assessed more in terms of barrels of beer than rental income.

At Grand Metropolitan over the past two years there has been an effort to enhance property income by treating the premises differently to beer sales. Hence a move towards 20-year leases with five-yearly reviews, now taken up by more than 2,000 tenants.

The effect is to push up the rental income of Grand Metropolitan Estates while reducing its property maintenance bill and simplifying the administration of its estate. For the tenant the long-term security of tenure provides a base to develop the business and invest. In the pubs sector then, the lease structure, far from loosening, is tending towards greater stabilisation as landlords seek a broader stream of property income to complement liquor sales.

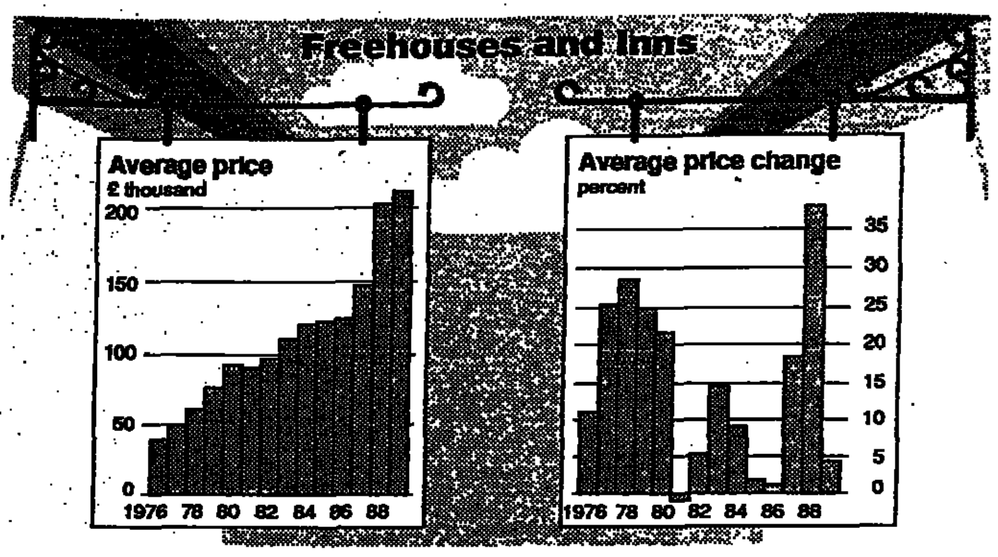
Pubs, after all, can be seen as a property investment, especially in view of the increasing interest in leisure developments. As the chart shows they have had sharp if erratic increases in capital values. But they have never attracted institutional buying.

"If pubs are to become institutionally acceptable then they've got to be able to provide secure income streams," said Bob Williams, chairman of Grand Metropolitan Estates. Which is where we came in.

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Property
Year to March '90	10.8	16.8	22.2	15.2
Quarter to March '90	1.2	2.8	4.7	2.6
Month of March '90	0.6	1.4	1.1	1.0

Source. Industrial Property Databank



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RAND MINES LIMITED

DIVIDEND DECLARATION

The directors have declared dividend No. 101 as an interim dividend in respect of the year ending 30 September 1990 as follows:

Amount (South African currency)	120 cents per share
Last day to register for dividend (and for changes of address or dividend instructions)	1990 Friday, 8 June
Registers closed from to (inclusive)	Saturday, 9 June Sunday, 17 June
Shares trade ex-dividend in Johannesburg and London	Monday, 11 June
Currency conversion date for sterling payments to shareholders paid from London	Monday, 11 June
Dividend warrants posted	Monday, 2 July
Payment date of dividend	Tuesday, 3 July
Rate of non-resident shareholders' tax	15 per cent

Holders of share warrants to bearer are notified that the dividend is payable on or after Tuesday, 3 July 1990 upon presentation of coupon No. 104.

The full conditions of payment of this dividend may be inspected at or obtained from the offices of the share transfer secretaries in Johannesburg or the offices of the United Kingdom registrars and paying agents in London.

By order of the board
RAND MINES (MINING & SERVICES) LIMITED
Secretaries
per F D W PEACHEY

18 May 1990

REGISTERED OFFICE:
18th Floor, The Corner House
63 Fox Street
Johannesburg 2001
(PO Box 62370, Marshalltown, 2107)

SECRETARIES IN THE UNITED KINGDOM:
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40 Holborn Viaduct
London EC1P 1AJ

UNITED KINGDOM REGISTRARS, TRANSFER AND PAYING AGENTS:
Barclays Registrars Limited
6 Greencoat Place
London SW1P 1PL

(Incorporated in the Republic of South Africa)
Registration No 01/00856/06

RM RAND MINES

The Companies Act 1985
COMPANY LIMITED BY SHARES
EXTRAORDINARY RESOLUTION
LOCKTON SHOPS PLC
Passed Thursday 10th May 1990

At an EXTRAORDINARY GENERAL MEETING of the above-named Company, duly convened, and held at Butcher's Hall, 87 Bartholomew Close, London EC1 on Thursday 10th May 1990, the following EXTRAORDINARY RESOLUTION was duly passed, viz:-

"THAT it has been proved to the satisfaction of this Meeting that the Company cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and, accordingly, that the Company be wound up the same and, voluntarily and that Ian Peter Phillips FCA, of Buchler Phillips & Co., 43/44 Albemarle Street, London, W1X 3FE, be and he is hereby appointed liquidator for the purposes of such winding up.

P.N. THORNTON
Chairman/Director

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIVIDEND

At the forthcoming Annual General Meeting of the Company to be held on 19th June 1990, the Board of Directors of the Company will recommend the payment of a final dividend of 9 sen per share less 35% Malaysian Income Tax, for the year ended 31st December, 1989. The dividend if approved, will be paid on 28th June 1990 to shareholders registered in the Books of the Company on 14th June, 1990.

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed from 15th June 1990 to 21st June 1990 (both dates inclusive) for preparation of Dividend Warrants. Duly completed transfers received by the Company's Registrars, SPK KHIDMAT SDN BHD, at 12th Floor, Wisma SPK, Jalan Sultan Ismail, 50250 Kuala Lumpur, up to 5.00 p.m. on 14th June 1990 will be registered for the dividend to be declared.

By Order of the Board

AHMAD SHAHAB B HAJI DIN
RIDWAN B MUSTAFFA
Secretaries

Kuala Lumpur
Malaysia
18th May 1990

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COMPANY NOTICES

ICI

IMPERIAL CHEMICAL INDUSTRIES PLC

Notice to The Holders of Warrants *relating to Ordinary Shares in Imperial Chemical Industries PLC*

Holders of the Warrants entitling them to require the Depositary, Chase Manhattan Bank Luxembourg S.A., of 5, Rue Plaetis, Luxembourg, to procure the application of £631.80 in subscribing for Ordinary Shares in Imperial Chemical Industries PLC at a price of 540p per Ordinary Share are reminded that the last date of exercise is 1st June 1990.

Coin Plastic Industries Ltd.

N.J. Vooght and J.M. Iredale of Cork Gully, Greyfriars Rd., Reading, Berks.

hereby give notice that on the 4th day of May 1990 we were appoint administrative receiver(s) of the above named company by Barclays Bank Plc under the terms of a debenture dated 12/8/86 giving the holders a fixed and floating charge over (the whole) of the assets of the company.

N.J. VOOGHT
J.M. IREDALE
Joint Administrative Receivers

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INDIGO RUN PLANTATION

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Lingfield Racecourse
Lingfield Park Social & Leisure Club
Jackabridge Farm
Nature of business: Leisure of complex
Trade classification: 47
Date of appointment of joint administrative receivers: 3 May 1990
Name of person appointing the joint administrative receivers: Svenska Handelsbanken
CHRISTOPHER JOHN HUGHES and MALCOLM JOHN LONDON
Joint Administrative Receivers
(Office holder nos 2041 and 2082) of Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

RADGALE HALL LIMITED

Registered number: 1808599
Trading name:- Ragdale Hall Health Hydro
Nature of business: Health Club
Trade classification: 47
Date of appointment of joint administrative receivers: 3 May 1990
Name of person appointing the joint administrative receivers: Svenska Handelsbanken
CHRISTOPHER JOHN HUGHES and FREDERICK POWELL
Joint Administrative Receivers
(Office holder nos 2041 and 2895) of Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

Coin Technical Coatings Ltd., N.J. Vooght and J.M. Iredale of Cork Gully, Greyfriars Rd., Reading, Berks

hereby give notice that on the 4th day of May 1990 we were appointed administrative receiver(s) of the above named company by Barclays Bank Plc under the terms of a debenture dated 6/3/90 giving the holders a fixed and floating charge over (the whole) of the assets of the company.

J.M. Iredale
Joint Administrative Receivers

S.G. Plastics (Surrey) Ltd.
We, N.J. Vooght and J.M. Iredale of Cork Gully, Greyfriars Rd., Reading, Berks.

hereby give notice that on the 4th day of May 1990. We were appointed administrative receiver(s) of the above named company by Barclays Bank Plc under the terms of a debenture dated 6/3/89 giveing the holders a fixed and floating charge over (the whole) of the assets of the company.

N.J. Vooght
J.M. Iredale
Joint Administrative Receivers

ALBINDENE LIMITED

Registered number: 1686215
Trading name: Barracuda Casino
Nature of business: Casino
Date of appointment of joint administrative receivers: 3 May 1990
Name of person appointing the joint administrative receivers: Barclays Bank plc
CHRISTOPHER JOHN HUGHES and JOHN MARTIN IREDALE
Joint Administrative Receivers
(Office holder nos 141 and 144) of Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

The Coin Group of Companies Ltd.

N.J. Vooght and J.M. Iredale of Cork Gully, Greyfriars Road, Reading, Berks.
hereby give notice that on the 4th day of May 1990 I appointed administrative receiver(s) of the above named company by Barclays Bank Plc under the terms of a debenture dated 6/3/89 giving the holders a fixed and floating charge over (the whole) of the assets of the company.

N.J. VOOGHT
J.M. IREDALE

Joint Administrative Receivers

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ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
18	19	20	21	22	23	24

MUSIC

London

The Bach Choir and The Philharmonia conducted by Sir David Willcocks, with Thomas Allen (baritone) and John Scott (organ). Walton, Copland, Holst. Royal Festival Hall (Sat) (928 8800).

London Symphony Orchestra conducted by Michael Tilson Thomas, with soloists and the Tallis Chamber Choir. Stravinsky, Bernstein. Barbican Hall (Sun) (638 8891).

Paris

Maurizio Pollini (piano). Schumann, Chopin (Mon). Salle Pleyel (45638873).

Radio France Philharmonic Orchestra and Choir, conducted by Marek Janowski. Schoenberg's Moses and Aaron (Tue) Chatelet (40282840).

Brussels

The Monnaie Symphony Orchestra conducted by Sylvain Cambreling, in a programme of Bartok, Janáček and Martinu. Palais des Beaux-Arts (Sun).

Messiaen's Quatuor pour la Fin du Temps performed by Walter Boeykens (clarinet), Roel Dieltiens (cello), Robert Groslot (piano) and Marjeta Korosec (violin). Centre Culturel le Botanique (Fri and Sat).

Antwerp

Royal Flanders Philharmonic Orchestra conducted by Gunter Neuhold with Jard van Nes (mezzo) and Richard Salter (baritone) performing works of Mahler. De Singel (Fri).

Ricercar Consort and Capella Sancta Michaelis conducted by Eric Van Nevel with soloists performs works of Keril, Von Biber, and Weckmann. De Singel (Wed).

Rome

Wagner's *Siegfried*, conducted by Giuseppe Sinopoli in a concert performance with Kurt Rydl, Hans Sotin, Siegfried Jerusalem and Barbara Carter (Wed). Auditorium in Via Della Conciliazione (6541044).

Florence

Maggio Musicale. Recital by Ileana Contrubas (soprano). Fauré, Enescu, Marx, Wolf (Sat). Teatro della Pergola (2479651).

Venice

Alexei Sultanov (piano) plays Mozart, Chopin, Rachmaninov, Prokofiev and Liszt (Tues). Teatro la Fenice (5210161).

Madrid

Mario Monreal (piano). Beethoven programme (Sat). Fundacion Juan March (435 42 40).
Madrid Symphony Orchestra conducted by Jose Ramon Encinar (Tues). Auditorio Nacional de Musica (337 01 00).

Barcelona

Maria Joao Pires (piano). Mompou, Mozart, Chopin, Schubert (Mon). Palau de la Musica Catalana (301 69 43).

New York

Los Angeles Philharmonic conducted by André Previn. John Harbinson, Rachmaninov (Tue). Carnegie Hall (247 4700).

New York Philharmonic conducted by Erich Leinsdorf. Strauss, Schumann, Bizet-Shchedrin (Thur). Avery Fisher Hall, Lincoln Center (874 6770).

Washington

Los Angeles Philharmonic conducted by André Previn. Beethoven, Shostakovich (Wed). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra conducted by James De Preist with Jeffrey Siegel (piano). Adams, Rachmaninov, Bartok, Lutoslawski (Tue). Orchestra Hall (435 6666).

THEATRE

London

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular, hit (839 5972).
Bus Stop (Lyric). Glam revival of William Inge's 1955 Kansas comedy, with Jerry Hall making her West End debut as the tank-town "chantoose" to Shaun Cassidy's Montana cowboy, a partnership forged on Broadway by Marilyn Monroe and Don Murray. Plenty of glow but not much grit (437 3686).

Stuttgart

Makal City Theatre, Marienstr. 12. Peter Makal, director of the Stuttgart-based International Festival of Mime, now in its eighth year, has put together a truly world-class programme. Founder of the Makal Theatre, he will present a dozen specialist groups and artists from eight countries, includingthe Soviet Union, East Germany and Hungary as well as Chile, Australia, France and the US. Ends June 4 (0711/626208).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.
Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).
Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Washington

Serafina (Kennedy Center Opera House). The spirited teenage cry for freedom, including shrill enactments of police brutality, brings the hyper-reality of South Africa home with a lively beat. Ends May 27 (467 4600).

Chicago

Uncle Vanya (Goodman). Michael Maggio directs John Mahoney in David Mamet's new adaptation of the Chekhov classic. Ends May 26 (443 3800).

A Chorus of Disapproval and The Beggars Opera (Court). With clever scheduling, Alan Ayckbourn's comedy about putting on *The Beggar's Opera* appears in repertory with the work itself. Ends May 27 (753 4472).

Tokyo

Kabuki. Kabuki-za (541 3131). Performances this month feature two leading onnagata (specialists in female roles), as well as a traditional name-taking ceremony. The highlight of the 4.30pm show is a famous scene from *Meiboku Sendai Hagi (The Disputed Succession)*, one of the classic "loyalty plays" of the Japanese theatre. Earlier, at 11am, Living National Treasure Utaemon VI plays his greatest role, as a mother driven to distraction by the death of her son, in *Sumidagawa (Sumida River)*. Excellent earphone guide in English and English-language programme. Ends May 27.

Hamlet. Performed in Russian by the Moscow Theatre of the South-West. This comany started as a local amateur group and is said to be the USSR's only self-supporting company. Parco Theatre (370 2692). Opens Thursday.

Window Speak. Avant garde mime by Daniel Stein from the US. Tokyo Globe Theatre (Tues, Wed) (360 1151).

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the the most recent of modern international art. It is a curatorial triumph.
The Royal Academy. Modern Masters from the Gelman Collection — a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earliest Picasso to Picasso the old man, by way of all the great names of the School of Paris, Matisse, Modigliani and the rest. Until July 15; sponsored by Guinness.

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Bagatelle Chateau and Trianon. Vienna 1815-1848 — the Biedermeier period. Vienna's museums have lent some 250 pieces of furniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turmoil of Napoleonic wars — the Biedermeier style. The Viennese bourgeoisie — and even the Court — found happiness and harmony within their homes. Comfort and *Gemütlichkeit* became the key words fora decorative art in which intimate charm replaced the heavy pomposity of Empire. Bois de Boulogne. Ends August 15 (45012010).
Galerie Odermatt-Cazeau. 19th and 20th Century Masters. A thread of excellence runs through the exhibition, which begins with the impressionists and ends with an abstract Picabia. Monet's Charing Cross Bridge floats in a haze of pinks and blues. The realism and heavy pathos of an early Toulouse Lautrec — Le Buveur — is in contrast to his Jane Avril, expressive of his mature period. Vuillard paints a trio in a cafe in large flat sombre-coloured cut-outs while his friend Bonnard spreads sunlight and contentment around a family luncheon table. Ends July 28 (42669258).
Petit Palais. James Ensor 1860-1949. A retrospective of 100 paintings, 130 drawings and etchings brings to mind Ensor's provocative boast of "I am mad, I am stupid, I am nasty". Born in the land of Jerome Bosch and brought up in Ostend in a shop of seaside souvenirs full of carnival paraphernalia, he peoples his nightmarish universe with skeletons and grimacing masks. Closed Mon, ends July 22 (42651273).
Musée d'Orsay. The Fragmented Body. Parts of the human body, or the incomplete body form the leading strand of an exhibition beginning with ex-votos and reliquaries and culminating in a celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814).
Musée Carnavalet. Antique bronzes. Some 400 statuettes bring to life the Gallo-Roman world up to the 5th century. They are grouped in glass cases around a divinity surrounded by objects of the appropriate cult. Closed Mon, ends July 1 (42722113).
Musée d'art Moderne de la Ville de Paris. Kees Van Dongen. 132 works retrace the career of the painter who, as one of the *Fauves* enjoys provoking the public with daring juxtapositions of violent colours, charcoal contours and green shadows. The Dutch-born artist goes further and shocks with erotic subjects and poses, only to subside later into portraiture of the elegant and famous. 11, Ave President Wilson, Closed Mon, late closing Wed. Ends June 17 (47236127).
Grand Palais. Pre-Columbian art in Mexico (1500BC — AD1521). Some 130 exhibits from Mexico's archaeological museums bear witness to the high degree of artistic development of the ancient civilisations of the Mayas and Aztecs. A deep religious sense imbues their imaginary world peopled with divinities often represented as jaguars and serpents. Closed Tue, late closing Wed. Ends July 30 (42895410).

Brussels

Hotel Communal de Schaerbeek. Place Colignon — treasures of the commune. Works by Constantin Meunier, Jef Lambeaux and other Brussels artists of the 19th and 20th centuries, daily except holidays. Ends June 11.
Isy Brachot. Portrait of the Pace gallery of New York. Calder, Dubuffet, Picasso, Rothko and others. Ends June 23.
Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres italiens a l'Aube du XXe Siècle. Closed Monday. Ends July 15.
Musée Wellington-Waterloo. Inedits sur Waterloo commemorates the 175th anniversary of the Battle of Waterloo. Daily ends July 31.

Ghent

Museum voor Schone Kunsten. Flemish Expressionism in a European Context (1900-1930) with works by De Smet, Ernst, Permeke, Van den Berghe and Zadkine. Closed Monday, ends June 10.

Venice

Palazzo Grassi. Andy Warhol Retrospective. 250 works from the major exhibition organised by Kynaston McShine for the Moma in New York last spring, to which have been added about a dozen from private Italian collections. The show has since toured Chicago, London and Cologne, to end its tour at the Beaubourg in Paris this summer. Opening with Dick Tracy (1960) and closing with Warhol's version of Leonardo's Last Supper, done shortly before his death in 1987, the exhibition concentrates on the early works, 1960-1967, and the famous Marilyn, Liz, and Coca-Cola series are shown to excellent effect in a particularly skilful layout by Gae Aulenti, in collaboration with Pontus Hulten. Also included are numerous photographs of the factory, and excerpts from the films Warhol made in the years 1963-68, interspersed with comment from critics, writers and friends. Until May 27.

Rome

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year stint by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on The Last Judgment. Remarkable for the exceptionally generous opening hours (open every day except Wed and on Sat from 9.30am to 11.00pm) and handsome catalogue as well as a rich collection of drawings by Raphael, Rubens, Annibale Carracci, showing clearly Michelangelo's powerful influence, the exhibition also carefully documents the techniques used and the difficulties encountered by the restorer. Particularly interesting is the 1541 copy of The Last Judgment, by Marcello Venusti, lent by the Capodimonte Museum in Naples, showing the brilliance of the original colours and the figures in their predraped glory. Ends July 10.
Palazzo Venezia. Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of Popes, Cardinals and the Roman aristocrary (Chigi, Barberini, Colonna, Pamphili etc.) in the area stretching south of Rome, once known as the Campagna Romana. Not surprisingly, most of the subjects are religious, but varying from the limpid and meticulous account by Van Wittel, of Pope Clement XI's visit to Albano to the splendid rest on the flight into Egypt by the Venetian Carlo Saraceni. Remarkable in the non-religious section are four oils depicting the four seasons by Mario Nuzzi, known as Mario de Fiori for his habit of filling every corner of his paintings with vast floral compositions of the sort more commonly associated with Dutch 17th century painting.
Galleria Nazionale d'Arte Moderna. Fabrizio Clerici retrospective: in a labyrinth designed by the artist himself and built in the gallery's workshops are hung a series of exquisite drawings and paintings, which move from a group of baroque drawings of Naples, inspired by a childhood visit, to intricate metaphysical works in pastel shades which manage to be simultaneously restful andstimulating. There are also references to Signorelli's apocalyptic frescoes at Orvieto, and the 19th century romantic Boecklin. Ends Sept 16.

Munich

Kunsthalle der Hypo-Kultur-Stiftung, Theatinerstr. 15.Joan Miro a collection of scurrilous sculptures and previously unpublished drawings by Miro will be on display in Munich's Kunsthalle until June 17. There are about 130 examples of the work of the Spanish surrealist artist, who died in 1983 at the age of 90.

Hamburg

Kunsthalle, Glockengiesserwall 10-18. Paul Klee in honour of the 50th anniversary of the artist's death, this exhibition attempts to reasses his standing with 50 works taken over half a century of his output. Ends May 27.

Vienna

Museum für Volkerkunde has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

Madrid

Museo del Prado. Sanchez Coello (1531-1588). Some 50 paintings by this Spanish artist born in Valencia, predecessor of Velazquez. Mostly portraits painted in the court of Phillip II as well as some religious works. Ends June 30.
Academia de Bellas Artes de San Fernando. Marc Chagall. Covers the period betwen 1951-1964 focusing on Chagall's graphic production and includes 60 lithographs and 40 etchingsillustrating texts by Andre Malraux and Louis Aragon. Ends June 2.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.
Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29. The first retrospective in America in 25 years marks the 80th birthday of Francis Bacon with 60 works dating back to his figure studies of the 1940s. Ends Aug 28.
Metropolitan Museum of Art: The Russian Taste for French painting, representing three centuries of French masterpieces from the Hermitage and Pushkin Museums, covers Poussin to Matisse. Among the 51 works are major paintings by Watteau, Fragonard, Ingres, Manet, Renoir, Gauguin and Henri Rousseau. Ends July 29

Washington

National Gallery. A joint Soviet-American collaboration brings together Matisse's fruitful and arguably pivotal work in Morocco during his visit in 1912-13 including 28 paintings and 45 drawings, among them the famous Moroccan Triptych from the Pushkin Museum, never before exhibited in America. Ends June 3.
National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.
National Museum of Women in the Arts. The first major retrospective of the work of Dame Elizabeth Frink includes 60 sculptures and 25 drawings, including monumental bronze casts of male figures. Ends July 4.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.
Chicago Historical Society. A special exhibit of Frank Lloyd Wright's designs for art-glass windows, furniture and silver shows why the details completed the Wright look. Ends June 17.
Art Institute. Before going to the Royal Academy in London later in the year, Chicago gets to see Monet's series paintings, including Haystacks, Poplars and Rouen Cathedral, all from the 1890s. Ends August 12.

Tokyo

Tokyo National Museum. National Treasures of Japan. Painting, sculpture, calligraphy, craftwork, archaeological artefacts, from prehistoric times to the Edo Period. This is the first opportunity in 30 years to see as many as 200 of Japan's greatest works of art in one place. Closed Mondays.
National Museum of Western Art. Bruegel and Dutch Landscape. 58 paintings on loan from the National Gallery in Prague. The centrepiece is Pieter Bruegel the Elder's magnificent Haymaking, with its wealth of circumstantial detail, and the focus is on the development of landscape painting as a genre from its beginnings in about 1500 to the mid 17th century. Closed Mondays.
Shoto Museum, Shibuya. Postwar Japanese Art. Paintings and sculpture mainly by members of the Gutai Bijutsu Kyokai group, who tried to forge a distinctive Japanese avant garde style. Fascinating. Closed Mondays.
Meguro Art Museum, near Meguro station. The Kahnweiler Collection. Major works from the personal collection of the art critic and dealer who promoted the work of Picasso, Braque, Gris and other pioneers of Cubism. Closed Mondays.

The silken secrets of Buddha

In March 1907, at the oasis town of Dunhuang in Chinese Central Asia, a British archaeologist and an illiterate Chinese holy man struck one of the most remarkable bargains in the history of archaeology. Its fruits are on view in *Caves of the Thousand Buddhas: Chinese Art from the Silk Route*, in the refurbished Oriental Gallery of the British Museum. This thoroughly rewarding exhibition is in two halves, partly for conservation reasons. The first half runs until August 27, the second from September 14 to December 12.

Marc Aurel Stein (1862-1942) was a Hungarian-born scholar who moved to Britain, although he never settled anywhere, never married, and lived only for his odysseys through India, Pakistan, Afghanistan, and Central Asia. Six years before, he had braved the horrid wastes of the Taklamakan Desert to explore the lost towns of the southern Silk Route. In 1907, he was in Dunhuang to replenish supplies, intending to head back into the Lop Desert where he was surveying a previously unsuspected extension of the Great Wall of China. However, an intriguing rumour was going the rounds of the oasis.

A secret room of documents, it was said, had been found plastered up in one of the Caves of the Thousand Buddhas. These caves among the dunes to the south of the town had been a holy place since the 4th century AD and were still popular with pilgrims when Stein was visiting. The caves were richly decorated with wall-paintings, and because Dunhuang was at the back of beyond, they escaped desecration in the mid-9th century, when the Chinese government outlawed foreign religions.

The Chinese viceroy of Kansu province had also heard about the secret library. Fatefully, he decided to leave it in the care of Abbot Wang, self-appointed guardian of the crumbling caves. Stein and his invaluable assistant, Chiang, met the wary Wang. There was nothing new in "foreign devil" manuscript hunters. But eventually they talked their way into the "black hole," known to scholars as Cave 17.

The cave was crammed with thousands of manuscript scrolls, also with tightly folded silk banners, embroideries, and votive paintings on silk and paper, mostly from the 8th, 9th and 10th centuries. Stein worked out that the haul had been deposited in the early 11th century, and scholars now think that the monks did this because Buddhism was in decline. Over the next weeks, Stein and Chiang cajoled, the ex-soldier Wang wriggled, prevaricated, and at one point decamped.

Unfortunately for the Chinese, Wang was a restoration enthusiast. For seven years he had laboured to raise money to clear the debris from his beloved cave shrines and fill them with dreadful (in Stein's view) new statues. Eventually he yielded. For a mere £130, Stein filled 24 cases with scrolls, and five with paintings and artifacts. He left, recording in his diary that the abbot now shared his view, that he was "rescuing for Western scholarship" this fabulous haul of Buddhist treasures. The Chinese, naturally, have since tended towards a different view of this inspired act of Elginism *à l'orientale*.

The spoils of Cave 17 were divided between the British Museum and the Museum in New Delhi – Lord Curzon was a major financial backer of Stein's expeditions. Not since 1914 has the British Museum held a catalogued exhibition of the Stein collection, which also includes splendid wall-paintings, stucco sculptures and wooden architectural fragments from his excavations along the Silk Route.

Make sure to enter the museum through the North Door, or you will miss the "taster" to the show, sculptures and carved wooden beams from lost oases. For Stein, these finds were intensely exciting. They show the influence of the temple art of Gandhara, in present-day Pakistan and Afghanistan. And that, as anyone can see, resulted from the fusion of Buddhist teachings with the artistic traditions of the Hellenised Mediterranean. It was Stein's childhood hero, Alexander the Great, whose conquests spread Hellenistic ways of representing the natural world, and even of constructing houses, to the oases of Central Asia. It was Alexander's image which, in part, inspired Stein's own travels.

Conserving the Stein collection has been a challenge which it has taken decades to meet in full. Not until now have the objects been seen in their fully restored splendour. Although whoever stacked up Cave 17 was a tidy worker, fragile textiles were first folded and then crushed into tight packets by the weight of the objects around them. However, the intensely dry desert climate was ideal for preservation and the colours, although somewhat faded, are still a feast for the eyes.

Silk dominates the exhibition, fittingly, for during the Tang dynasty exports of silk to the west made a great contribution to a period of unequalled wealth and stability in Chinese history. Twenty per cent of the paintings in the exhibition were once the centrepiece of banners. Those which are still intact are evocative objects, with great streamers and beautifully woven fragments of cloth used for the triangular head-pieces. Some banners were seven metres long, and were strung along the valley cliffs on festival days. Poor pilgrims, who wanted to gratify the Buddhas and Bodhisattvas on the cheap, had their images painted on paper.

Rich or poor, the lay donors had themselves painted on the silks, in the way that we are so familiar with from European art. Sometimes they kneel at the bottom in rows, the men in strangely shaped black hats. On one particularly attractive banner, an exquisite lady is painted following after the Bodisattva "Guide of Souls," who walks upons lotuses as a token of the bliss to come, and carries his own banner.

If you stand in need of a refresher guide to the images of Buddhist art, then you cannot afford to do without the book which accompanies the exhibition. Edited by Roderick Whitfield and Anne Farrer, *Caves of the Thousand Buddhas* is beautifully illustrated, includes material from other Stein finds, and is remarkably good value at £19.95.

Enjoy this, and then read the BM's two previous excellent popular accounts of Buddhist art and faith, and you have the heady sense of knowing how it all fits together: the bearer of thunderbolts, the Bodhisattva of one thousand eyes, the barrel-chested guardian king Bodhisattva Ksitgarbha, and the Paths to Hell with the figures in torment.

But even if you economise on the book, this is an exhibition which is not in the least esoteric as well as very lovely. Splendid beasts abound, including a large wooden horse found in a general's tomb and a delicious calligraphic lion – ideal marketing material for the BM gift-shop. And if there is ever an exhibition of child's art through the ages, room will be found for a clumsily drawn Bodhisattva with spaghetti-thin arms. It was painted by a little boy in the 10th century, and he included himself to one side, very small, in a sort of Central Asian romper-suit.

Patricia Morison

This silk painting from Cave 17 probably dates back to the mid-9th century

The Writing Game

BIRMINGHAM REP

David Lodge, a novelist who writes comic novels about English and American writers who teach, and criticism of English and American fiction, has now written a comic play about an English and an American novelist who meet as colleagues on a creative-writing course and talk about fiction to each other and to students. Of the other three characters, one is a student, one is a young writer of self-consciously clever and self-referential fiction (metafiction), and one is a tutor who keeps the summer-school running as smoothly as possible.

Lodge has previously compared realistic fiction - such as his own – to "the well-made play." *The Writing Game* is a real play and far from badly made. It has a sitting room, two bedrooms, a bathroom and lots of doors. It has an interval, and lasts two hours and a half. It has sex (offstage, between scenes), a nose-punch (onstage), lots of talk and some memorably good lines.

There's no reason why this kind of tight little comedy about novelists shouldn't scintillate. But *The Writing Game* hasn't enough density of internal connections. Lodge's descriptive wit is perforce missing. The funniest scene – the young writer's solo reading from *Instead of a Novel* – is not only a triumph of parody, it also initiates plot developments in the next scenes. They wind down from his reading, however, rather than build up upon it. And, though Lodge gives us plenty of particulars about his main characters, when they talk about Life as the substance of fiction, they just mean sex and marriage and adultery and divorce and childbirth – all the private things novelists do when they're not writing, teaching or reviewing. Not a hint here that what the novel says about Life can also prompt leaders of Islam to pronounce the death sentence.

It's all as air-tight and as well-made as a William Douglas-Home play, but far less funny and rather more removed from ordinary life. Surely it's the very absurdity and preciousness of that kind of fiction-oriented world that heightens the comedy of Lodge's novels; but in this play that's no longer funny. It takes two acts and a primary-school teacher to make the American novelist see that he has been too obsessed with the prestige of writing the higher fiction: which is about an act and a half longer than it takes us. And his realisation isn't comic, it's solemn.

Everyone concerned plays it, under John Adams' direction, like good sit-com, especially John Webb as the anxious tutor in charge, his every vowel an exemplum of Englishness – self-deprecating, ironic, ingratiating, conciliatory by turns. Timothy West's recorded delivery of a series of answer-phone messages is the best thing – the least type-like – of all.

I might have greatly enjoyed the central performances of Lou Hirsh (as Leo Rafkin, the high-art realist American writer), Susan Penhaligon (as Maude Lockett, the classy English good-looker whose artless novels sell at Heathrow and Hatchard's alike) and Patrick Pearson (as the obnoxious, artful, Americanophobe young writer, Simon St Clair) had they not been playing writers. But writers were the one group they never sounded like. In more ways than one, *The Writing Game* isn't quite real enough.

Alastair Macaulay

Vanilla

LYRIC THEATRE

The curtain rises on a sumptuous bedroom in Louis Something style, all mottled eggshell blue and gilt. A leggily gorgeous blonde gives tongue to the hostess's time-honoured lament that there will be 113 at table for dinner. She brightly informs her impassive maid that the imminent party will cost "five years of your wages – isn't that disgusting?"; and cheerfully adds "sometimes when you call me madam it reminds me of the days when I was a whore."

For a highly promising stretch of the first act it looks as if young New York playwright Jane Stanton Hitchcock has come up with a modern blend of Jonsonian satire and Restoration cynicism. The hostess is Mrs Climber. Her billionaire husband Frank, with a past in the toxic waste business, is endowed by Ron Cook with Groucho Marx's stance and George Burns' cigar and delivery. The maid Maria is married to the equally impassive butler Jesus.

The first to arrive is columnist Amanda Tattle, as amoral and arbitrary in her favours as implied in Kipling's famous description of what the harlot and the journalist have in common. Lady Lucre sweeps in with Count Gigolo Gigolo di Gigolo on a dog's lead. The remaining character is draped in a black bin bag: Miralda Sumac, wife of the deposed dictator of Vanilla, and about to face charges of corruption and embezzlement.

All this glittering moral compost has the robust richness of a Gillray or Rowlandson, except that the beauties are beautiful: Gwen Humble's Climber (from *Lend Me a Tenor* – welcome back) has the bubbly vacuity edged with acuity of gold-diggers since time began; Siân Phillips' Lady Lucre conveys the air of not quite sated world-weariness suddenly discovering a little corner into which to pop an extra craving; and Joanna Lumley in black wig and gold sheath is the *femme* multiply *fatale* behind every Third World dictatorship.

The promise fizzles out with obvious ironies and predictable paradoxes. The style is a mixture of Mad magazine, snappy wisecrack and undergraduate anything-goes zaniness. Butler and maid are revealed as terrorist avengers from Vanilla. The amusingly novel poor people provided by the hostess for each guest to take home as a present take over the house. We look for Bunuel; but the plot begins to send itself up, ignoring that basic prerequisite of satirical fantasy from Swift to *Alice in Wonderland*: that it should take itself dead seriously.

This is a shame, since the author combines sweeping audacity with a sense of the minor absurdities of affluence. "Things go better with coke," breathes, or rather snorts, the dictator's consort. The journalist made her name with the best-selling "New York on Five Million Dollars a Day." Lady Lucre complains of the problems of getting peasants mounted after a peasant hunt: taxidermists have trouble getting the eyes right. Savage, but not enough, not consistent and not sustained, but too often lurching into *Monty Python*-type inconsequentiality.

Harold Pinter's direction fails to keep the squib dry, but the cast do it proud. With discipline, time and abstinence from TV comedy shows, the author could do justice to her scathing vision of society. In the meantime, we know the stinking rich are frightful; the temptation is shruggingly to ask "So what?"

Alastair Muir

Joanna Lumley as the femme most fatale

Martin Hoyle

Whose Wife is it Anyway?

THORNDIKE, LEATHERHEAD

"Would you like any help getting into your nightie?" asks Richard Willey MP in the first line, so we can guess where we are – splashing into the deep end of a Ray Cooney farce. It's set in a hotel a few minutes' walk from the House of Commons. Willey, a junior Minister in Mrs Thatcher's Government, should be at a debate, but in fact he is seducing Jane, described as one of Mr Kinnock's secretaries.

Cooney writes farces by his own rules, none of that French business of creating respectable characters and putting them in troublesome situations. A body is spreadeagled in the window of Willey's suite, apparently killed by a bang from a loose window-frame, and Willey sends for his PPS, George Pigden, to help him get rid of it. George is played by Ray Cooney himself (who also directs), so the situation gets worse.

Jane's husband Ronnie is also in the hotel, looking for Jane, and it turns out that the body in the window was a private detective whom Ronnie engaged to track her down. After a whole act lifeless, he comes to, but his bang has impaired his memory. Add to these five a manager anxious to clear up the affairs in his hotel, an elderly waiter who can provide such useful items as a wedding suit or a bath chair, if richly enough rewarded, and an Italian maid who only says "Make-a-da bed?" until she is asked to pose as George's wife, and you have the ingredients of an English farce.

Willey's wife Pamela enters in Act 2, simply to maintain the theme of unlikely copulation that keeps things running. As William Archer said, to recount the plot of a farce is like decanting champagne, so I will not attempt it, especially as Cooney doesn't round off the plot in any way. We just have the unexpected encounters and mistaken identities, a bit brusquely introduced to my mind.

The house laughed on and off all evening, so evidently they were content. No real acting is called for; the characters are given their eccentricities and they present them without trying to earn our sympathy or our dislike, only our laughter. Ray Cooney as George goes through the tricks we know; Leslie Lawton is a consistently deceitful MP and Judy Buxton a properly attractive Judy. Michael Fenner's Ronnie is verbally vicious but has a way of dropping to his knees and nuzzling the men in the crotch, to the disapproval of John Pennington, the manager. David Warwick as the detective is half-asleep when he is not dead. The sparsely-furnished hotel room is by Douglas Heap.

B.A. Young

SALEROOM

Futurist fashions

The art market continued its convalescence in New York last night with a sale at Sotheby's of Futurist and 20th century art which was solid rather than spectacular. The pictures and sculptures came from an excellent source: they had been acquired by the late Lydia Winston Malbin who fell in love with Italian Futurist art in the early 1950s, when it was quite out of fashion, and who built up an unrivalled collection, often buying directly from the artists or their families.

The sale totalled \$74.3m (£44m) with only two minor lots out of 93 unsold. But then Sotheby's had every incentive to sell the pictures hard. To secure the collection it had offered the Malbin heirs a guaranteed sum and was basically disposing of its own investment. It probably paid around \$55m for the art so it came out of the gamble feeling very relieved. The total, however, was within the pre-sale estimate, confirming that even rare, sought after, dealer appealing, art is fetching good rather than excessive prices. The frenzy of last year has left the market.

The top price was the \$8.8m (bang on its lower estimate) paid by a dealer for "La negresse blonde," a 40 cm high bronze sculpture executed in 1933 by Brancusi, who became a close friend of Mrs Malbin. It was a record for the artist, indeed for any 20th century sculpture. Among the Futurists, an attractive painting by Balla of three Edwardian ladies descending a spiralling staircase, which in its sweeping lines points towards Futurism, fetched a record \$4.4m. It is going to Italy, as are many works from this Italian dominated early 20th century art movement which found its beauty and inspiration in modern technology.

Like Christie's 24 hours earlier Sotheby's was prepared to sell works for well under their quoted estimates. An early Leger abstract for example went to Beyeler, a Geneva dealer for \$8.525m even though it was estimated at \$10m to \$12m. But in the main this was serious art, bought by European dealers, rather than the speculative Impressionist paintings which are currently under a financial cloud. "Unknown" Italian artists such as Prampolini, Carra, and Russolo, along with major names like Severini, were being acquired for low "record" prices by their compatriots.

A better sense of the state of the market came from Christie's sales on Wednesday of run-of-the-mill Impressionist and modern paintings, plus watercolours and drawings. They did as well as could be expected, the oils making more than \$45m, with 25 per cent unsold and a nice record of just over \$6m for the Japanese Impressionist Foujita, while the watercolours were 30 per cent bought in. In times past this would have been considered a fair result. One victim of the recent downturn was the actor Kirk Douglas who started to collect modern art after appearing as Van Gogh in the film *A Lust for Life*. He offered 17 modern paintings and only managed to dispose of nine of them.

Antony Thorncroft

La Wally

NEW YORK

Alfredo Catalani has found a champion in Julian Budden ("Catalani showed an orchestral imagination that not even Puccini surpassed"); and this page has carried reports of his operas *Dejanice* (1883) and *Edmea* (1886) revived in recent years in Lucca. Lucca honours her second-most-famous musical son (after Puccini). Catalani's last and most famous opera, *La Wally* (1892) – unstaged in New York since 1909, when Toscanini conducted it, with Destinn in the title role – has just been revived here, in a concert performance by Eve Queler's Opera Orchestra of New York.

Like Max Loppert after the Wexford production a few years ago, I am glad to have encountered the opera; but I do not care if I never encounter it again. Toscanini's enthusiasm for Catalani – he named two of his children, Wally and Walter, after characters in *La Wally* – is hard to understand. Catalani is a short-breathed composer. New ideas, but not very good ideas, keep appearing and are then dropped. The only fully sustained passage, the prelude to Act 4, is built on an idea too weak to yield more than a repetitious effect.

The heroine of the Carnegie performance was Aprile Millo, an appealing but controversial singer. She throws herself into a role more generously, more emotionally, more daringly than her American compeers: Carol Vaness, June Anderson, Susan Dunn. She commands the text. She knows the old traditions. She is in the Milanov line. But her voice, unlike Milanov's, is a limited instrument, and when it gets louder it does not expand and flower; it just gets louder. She will be the Amelia of the Met's new *Ballo*; more then.

The tenor was Kristian Johannsson, who has sung major roles for La Scala, Opera North, and the Welsh National. He megaphoned out excellently pure, loud tones, touched in the last act with some expressiveness. The baritone was Matteo Manuguerra, replacing John Rawnsley; he was in fine voice.

Andrew Porter

ARTS GUIDE

May 18-24

OPERA AND BALLET

London

Royal Opera, Covent Garden. The unhappy revival of *Il trovatore* in Piero Faggioni's production has Carol Vaness, Eva Randova, and Sergey Leiferkus in leading roles, and Edward Downes as conductor (240 1066/1911).

Royal Ballet. Programme changes at Covent Garden mean that the Royal Ballet will be showing a double bill of *A Month in the Country* with *Song of the Earth* on Fri and Mon.

English National Opera, Coliseum. The premiere of Robin Holloway's *Clarissa* (based on Richardson's novel) is conducted by Oliver Knussen, produced by David Pountney, and with Vivian Tierney, Graeme Matheson-Bruce, Rosa Mannion, Penelope Walmsley-Clark, and Justin Lavender in leading roles. *The Marriage of Figaro*, in Jonathan Miller's much-revived production, brings back Valerie Masterson, Lesley Garrett, and Ethna Robinson as ENO Mozartians. *Ariadne on Naxos* is graced by the formidable sopranos of Anne Evans (Ariadne) and Rita Cullis (Composer) (836 3161).

Paris

Paris Opéra. *Jeunes danseurs de l'opera*. Extracts from romantic period ballets (47425371).

Théâtre de la Ville. Mats Ek and Ballet Cullberg are followed by Pina Bausch and Wuppertal's Tanztheater with a performance inspired by Macbeth's tragedy. (42742277).

Brussels

Monnaie Opéra in Janáček's *The House of the Dead* (Fri, Sat, Tues, Thur).

Berlin

Opera. *Der Troubadour* is a Herbert von Karajan production. *Siegfried* and *Götterdämmerung* are both part of the Götz Friedrich cycle with Wagner specialists Ute Vinzing, Rene Kollo, Robert Hale, Hanna Schwarz and Matti Salminen. *Aida* has fine interpretations by Bruna Baglioni, Sharon Sweet and Giorgio Lamberti. Further offered *Fidelio* with Deborah Polaski, Carol Malone, Lenus Carlson and Gerd Feldhoff, and *Die Zauberflöte*.

Hamburg

Opera. The new John Neumeier ballet *Träumer* was well received, and a Nijinsky gala closes this year's ballet festival. *Fidelio* will be conducted by Nikolaus Harnoncourt. *Arabella* has a strong cast led by Olive Fredricks, Felicity Lott, Krisztina Laki and David Rendall. The successful Harry Kupfer *Tannhäuser* production is well sung by Stefania Toczyska, Guenter Neumann, Kurt Moll, Ana Pusar and Andreas Schmidt.

Cologne

Opera. *La Traviata* has Maria Spacagna, excellent in the title role. The two one act Rossini operas *La Cambiale diMartrimonio*/*Il Signor Bruschino* are sung by Alberto Rinaldi, John Del Carlo, Teresa Ringholz and Janice Hall.

Bonn

Opera. *Die Fledermaus* has a strong cast led by Ludwig Baumann, Pamela Coburn, Claudia Rueggeberg, Krisztina Laki and Helmut Lohner. The new *Rheingold* production is sung by Siegmund Nimsgern, Graham Clark, Hermann Becht and Hanna Schwarz. Also in repertory: the lively *Barbier von Sevilla* production and a Marilyn Horne Lieder recital with songs by Handel, Schubert and Viardot.

Munich

Opera. *Der Barbier von Bagdad* is of respectable standard with Lucia Popp, Cornelia Wulkopf, Robert Gambill and Kurt Moll. *Nabucco*, produced by Pet Halmen will have its premiere this week with star singer Julia Varady, Wolfgang Brendel and Paata Burchuladze.

Madrid

Bel canto. Jaime Aragall and Natalia Troitskaya. Cilea, Puccini, Massenet, Verdi. (Fri). La Union y el Fenix (338 24 82).

Milan

Teatro alla Scala. Scala Ballet company in *e Cosi Via*, with music by Jacques Charpentier. (80.91.26). Gianandrea Gavazzeni conducts Keita Asari's production of *Madama Butterfly*, with sets by Ichiro Takada and dances performed by Hideju Kanzaki. Opening this week is a new work by Azio Corghi (Sun) (80.91.26).

Rome

The Kirov Ballet in Oleg Vinogradov's version of *Swan Lake*, conducted by Alberto Ventura, with costumes designed by Gianni Versace (46.17.55).

Florence

Maggio Musicale, Teatro della Pergola. Giulio Chazalettes's production of Donizetti's *Parisina*, based on Byron's poem. Mariella Devia sings the title role, with Dano Raffanti (tenor) as Ugo, and Giorgio Zancanaro, Dmitri Kavrakos and Tiziana Tramonti, conducted by Bruno Bartoletti (2479651).

New York

American Ballet Theatre. The 50th anniversary season includes this week Sir Kenneth MacMillan's *The Sleeping Beauty* and an all – Antony Tudor evening with *Dark Elegies* and *The Leaves are Fading*. Ends June 30. Opera House at Lincoln Center (362 6000).

Tokyo

Chengdu Sichuan Chinese Opera. *Hibiscus Fairy*. Spectacular traditional Chinese opera company in a lyric piece about an assault on the virtue of a beautiful princess. National Theatre. Opens Tues (580 0031).

FINANCIAL TIMES

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A target for emissions

THE UK Government's decision to commit itself to a target for controlling the emissions of carbon dioxide marks a watershed in its approach to global warming.

Sceptical voices have recently been heard, particularly in Washington, about the strength of the scientific evidence linking increases in atmospheric concentrations of a range of man-made gases with the greenhouse effect. By announcing that Britain will have its own target for the most important greenhouse gas before the end of the year, the Government has come down on the side of the believers.

Ministers would have found it difficult to do anything else once they had seen the draft of a report due to be considered in Geneva at a UN-sponsored conference on global climate change scheduled for November. The best available evidence, the report says, suggests that global mean temperatures will be 1.8 deg C above pre-industrial levels by the year 2020 and 3.5 deg C by 2070. Put another way: by the middle of the next century, average temperatures will be higher than at any time in the last 100,000 years, thanks to the build-up of greenhouse gas concentrations.

The report drew on the work of hundreds of the world's top climate scientists who contributed to a working party chaired by Dr John Houghton, director-general of Britain's Meteorological Office. While many of the detailed implications of global warming are still poorly understood, the fact that it is happening is difficult to doubt.

Small minority

If Britain had refused to set its own target, it would soon have found itself isolated from other European countries. Indeed, Britain was in a small minority of the 34 western countries attending an international environment conference in Bergen, Norway, when it refused to agree carbon dioxide targets this week. The minority, which also included the US and the Soviet Union, argued – correctly – that the Geneva conference was the right forum in which to agree international action on global warming.

Yet readiness to set a UK carbon dioxide target is merely the beginning, not the end of the story. The first issue which will need to be settled is what the target should be. Other European countries are committing themselves at a minimum to stabilising carbon dioxide emissions at present levels by the end of the century. For Britain to propose anything less than that would not be credible.

Effective strategy

Indeed, in the medium term stabilising emissions will not be enough. Carbon dioxide lingers in the air for up to two centuries, so the concentration of the gas in the atmosphere will continue to increase, even if emissions are stabilised. An effective strategy to combat global warming will eventually require cuts in emissions.

But this raises the question of costs. Power stations are responsible for a third of all carbon dioxide emissions in Britain, while road transport accounts for almost another fifth. In other words, electricity generation and transport, two activities fundamental to almost all business operations, account for more than a half of the carbon dioxide finding its way into the atmosphere in Britain.

On the face of it, therefore, a carbon dioxide target could have substantial cost implications – directly for power generation and transport, and indirectly for almost every other industrial activity. Serious economic analysis of global warming is only just beginning, yet a global warming strategy will demand a rethink of much that is taken for granted in the industrialised countries, particularly their transport technologies.

The US delegation was right to stress the cost problem at Bergen this week, though it won them few friends among the green groups. In Britain, the Government should use the white paper on the environment, expected in the autumn, to open up the global warming debate to a wide spread of opinion and interests. This discussion should focus not merely on the appropriate targets but also on what mixture of regulation and price incentives would best achieve them.

A prescription for Italy

THE OECD report on the Italian economy needs to be read and inwardly digested by every member of the Italian parliament. Hidden beneath the OECD's deadpan and elliptical prose are clear warnings about the risks of current inadequate policies for dealing with the public sector deficit and the South's economic backwardness. The report also offers some useful, if politically painful, recommendations.

The OECD's timing is perfect, with the Italian Government about to adopt its by now annual mid-year package of measures to try and bring the deficit back on target. The coalition parties need to be reminded that a more fundamental attack on spending is unavoidable and that taxes could be raised before they match levels in many other European countries.

Amid the current euphoria over capital inflows and the lira's strength in the Exchange Rate Mechanism it is also helpful for them to be made aware of the accompanying reduction in international competitiveness. Above all, the OECD's strong emphasis on the need for a complete rethink of *Mezzogiorno* policies goes to the heart of current politics.

The ease with which the Lega Lombarda recently harvested nearly 20 per cent of the vote in rich, employed Lombardy reflected a great deal more than crude anti-southern sentiment. It was also a tax payers' revolt against inadequate public services and the pouring of thousands of billions of public lira into a *Mezzogiorno* well which refuses to gush productive growth and development.

Budget deficits

The problem is that Italian governments in the 1980s switched priorities from building industrial investment in the South to the easier option of spraying transfer payments over the region. Assisting nearly half the nation in this way has helped transform health and welfare costs into two unguided missiles dragging budget deficits into ever higher orbits. It has also, as the recent local elections show, been extremely good for the Christian Democrat (DC) party. It is steadily losing strength in the dynamic North, but blooming in the backward South, where votes are swapped for public favours.

Italy's largest party could pay a heavy price for accepting the OECD's recommendation that "transfers to households should be strictly limited to combatting absolute poverty." Nor is the DC, with its traditions of "social solidarity" embodied in its powerful trade union wing, the CISL, likely to embrace the OECD view that the enforcement of strict wage parity between North, Centre and South must be abandoned.

Structural rigidities

The developmental arguments for removing such structural rigidities are as strong as is the budgetary case for getting a grip on health and welfare spending. Even if the Government succeeds in holding the deficit this year at 10.4 per cent of gross domestic product, the contradictions imposed by deficit and debts may be too much for monetary policy to bear, particularly when exchange controls are gone and the lira has been placed in the ERM's narrow 2.25 per cent band.

The objectives of controlling inflation and maintaining currency stability have required some of the highest interest rates in Europe. But debt servicing costs standing at 9 per cent of GDP argue for lower rates as, paradoxically, do current speculative capital inflows which lead to an overmighty lira and threaten a deteriorating trade deficit.

The unavoidable conclusion is that swift and radical progress has to be made in cutting the budget deficit. Taxes should be raised and government spending held down in quantity and raised in quality. Otherwise, Italian governments will have more than a rampant Lega movement in the north to worry about: the *Mezzogiorno* will be a non-player, or even a losing player, in the new internal market because of its high unit labour costs; and Italy may no longer be able to straddle the gulf between the reality of its budgetary policies, a prime focus of Bundesbank concern, and its high flown rhetoric about full participation in EC economic and monetary union.

Judy Dempsey surveys the political landscape before Romania's elections

Ceausescu casts a shadow over polls

Blistering heat, provocation and criticism have failed to dislodge the youths who have been camped out for the past three weeks on University Square in the centre of Bucharest.

These are the young people who last December forced out the hated Ceausescu dictatorship. Today – according to Mr Ion Iliescu, leader and presidential candidate of the National Front for Salvation, which was catapulted into power last December – they are the *Golan* or hooligans. The choice of language has not been lost on Romanians. Nicolae Ceausescu used the word *Golan* for anyone who dared raised a voice of opposition. Many feel that Mr Iliescu's Front has hijacked the revolution and is serving as a safe-house for former communists.

Across the other side of this long, boulevard-lined city, once described as the Paris of the Balkans, young economists sit in an elegant town house which was once the home of Helen Lupescu, the mistress of King Carol of Romania who set up a royal dictatorship in 1938.

The impassioned speeches of the youths in the square and their refrain "Jos Comunismus! Jos Comunismus!" – Down with communism! Down with communism! – fail to disturb the cool and spacious office of Mr Eugen Dijmarescu, head of the Government-backed Commission for the Co-ordination of Foreign Economic Aid. Along with like-minded liberal economists, he is attempting to chart Romania's uncertain path towards a market economy.

"Without political democracy, we cannot have a market economy," he says, adding, "Romania must return to Europe."

But as this bitter election campaign draws to a close, it is becoming increasingly clear that Romania's political, social and historical relationship with Europe remains, to say the least, fragile. Bred in a byzantine world of intrigue and corruption but lured by Europe's cultural institutions, the country remains as schizophrenic as it did after 1918.

The young people's suspicion of the Front, the good intentions of Mr Dijmarescu and his fellow intellectuals, and the re-emergence of the "historical" parties which ignominously vied for power 60 years ago – all these ingredients of contemporary Romania are only too reminiscent of the inter-war period.

Then, Romania's fascist Iron Guard (who slipped into the Communist Party in 1947) were baying for the head of King Carol and for the heads of the Jews. The administration was plagued by inefficient bureaucrats. The political parties had been relegated to the sidelines. The army was waiting to assume power.

Now, in Romania as in other parts of east Europe, the effort to dismantle totalitarianism and rebuild social and political institutions has conjured up

Romania's political, social and historical relationship with Europe remains fragile

pre-communist ghosts.

The main players in the (re)construction of Romania's shattered political base and the revival of its weak civil society are the National Peasants Party, the National Liberal Party and the Front itself. Each appears ill-equipped for the challenge because all are tainted by their past.

Between 1918 and 1930, the Peasants and Liberals had an opportunity to bring Romania out of its backwardness. Both failed. They were riddled by corruption, driven by xenophobia and compromised by rigged elections. They failed to deal effectively with land reform. Both pursued nationalist economic policies which often entailed a deep suspicion of foreign capital. Despite their political ineptitude, they were still troublesome enough for the ruling Communist Party to outlaw them in 1947 and imprison their leaders. It is a decision which the pre-war generation has not forgotten, and explains why elderly people are more likely to vote for these two parties than for the Front.

Today, the Peasants, led by the 74-year-old Mr Corneliu Coposu, and the Liberals, under their septuagenarian presidential candidate, Mr Radu Campeanu, campaign on two issues: anti-communism and the drive towards Europe and a market economy.

Neither party dares call in question the market economy and privatisation. However, both fail to recognise that the country desperately lacks an entrepreneurial and political elite to realise such a goal. Romania's post-war generation has had no chance to learn the rules of competition: they could not even travel abroad, a crucial means of gaining an insight into western economies. Similarly, both opposition parties are bereft of economists who could develop a strategy for the painful reorientation of one of the most centralised economies in eastern Europe.

Such details are rarely articulated on a campaign trail marred by intimidation, suspicion and violence. Everybody places the blame on the Front and its communist sympathisers. Nobody can prove it. In Romania, truth is as elusive as the long-awaited international telephone call. A rumour or bribe goes a long way.

The Front itself is in no better shape. In University Square and in Timisoara, the frustrated cry goes up: the Front has hesitated to purge the bureaucracy, the ministries, the factory management or the media of former communist activists; it has failed to rein in the remnants of the Securitate, Ceausescu's now disbanded secret police.

The Front's response is that it cannot overnight sack 400,000 party members. Mr Dijmarescu and his colleagues at the Institute for World Economy admit that the leaden bureaucracy is resisting change. He says: "After the elections, when the new government has legitimacy, many of these will be sent into retirement or offered new jobs."

The reluctance to purge the administration runs even deeper. "Under the old regime, we all lied," explained Mr Mircea Dinescu, head of the Writers' Union and doyen of Romanian poets. Since almost every individual (with the exception of the young) was in some way "touched" by the old regime, nobody has the moral stature to name names. Few have the moral authority to exercise power.

It is in such an atmosphere of distrust and social instability that the Front-dominated government has attempted to fill the political vacuum.

The Provisional Council for National Unity, an interim parliament formed last January, set Mr Petre Roman's Government three tasks: keep the economy running, feed the people and prepare for elections.

The Government delivered, but went beyond its mandate. Last month, behind the scenes, it drew up a comprehensive economic programme called the Draft for a Strategy of Transition. Produced with the help of talented economists from the Institute for World Economy, one of the few bodies which had access to western publications under Ceausescu, the document addressed the question of whether Romania's economic ills should be treated with a Polish-style shock therapy or with a less painful, more gradual approach. Not surprisingly, it chose the latter.

"The social costs of the shock therapy would be too high for the population to bear," says Mr Ion Ilie, a member of the Institute. Mr Dijmarescu goes further. "Before we can do anything, we have to take stock of the real situation in the economy. We have a timetable. In three years, not more, the mechanisms for the market economy will be in place."

The timetable involves:

- Setting up a legal framework for foreign investment. Foreign companies can now buy up to 100 per cent of a Romanian enterprise, but the issues of repatriation of profits and of taxes have yet to be finalised.
- Evaluating the assets of all enterprises. This is expected to be completed in mid-July despite the lack of reliable statistics under Ceausescu.
- Deciding which large enterprises should be broken up into holding companies, or into small and medium-sized units which will be privately run. Already, the government has received 11,000 applications for private business licences. Since January, individuals have been allowed to set up their own private enterprises with a maximum of 20 employees. Mr Dijmarescu says the ceiling will soon be raised to 250.
- Raising capital for private industry through the issue of shares and bonds to foreign and domestic investors.
- Decentralising the banking system to allow enterprises a choice in interest rates and loans and enable them to deal directly with foreign partners.

Advisers to the Front do not shy away from the issues of unemployment or inflation – questions which Front candidates, by contrast, always avoid. Mr Dijmarescu reckons that 20 per cent of the 11m workforce is underemployed. The plan is to introduce a system in which the unemployed will receive 80 per of their wages during their first two months out of work. After that, some will be offered credits to start up their own businesses while others will be retrained using funds raised by the Ministries of Labour and Education.

Mr Dijmarescu also admits that inflation, hidden under the old regime, now runs at 30 per cent – partly because in January the Government devalued the leu and freed prices for farm produce and for items sold by private enterprises.

He cites how inflation is affecting the housing sector. In order to alleviate an acute housing shortage, the government is selling off state apartments. "The value had tripled since January," Mr Dijmarescu says, "but for the moment, we can live with inflation and we will attempt to curb it by soaking up the population's savings which total 300bn lei."

The Peasants and Liberal Parties support some of these policies. But as in the case of the Front, their economic programmes figure nowhere in the election campaign.

The fact that all the political parties are reluctant to tell the truth about unemployment or inflation is a bitter reflection on the Ceausescu years. The outward signs of deprivation – the food shortages and queues – have long since disappeared. The Front will undoubtedly receive some public gratitude from sections of society which, since the early 1980s, had been forced to live on bread and food rations smaller than the quotas allowed during the Second World War.

In addition, the Front will gain votes from the peasantry, which makes up 30 per cent of the labour force. It has already promised peasants the right to own 5,000 square metres of land, compared to the miserable 200 square metres they were permitted under Ceausescu. The rural populace is also benefitting from the freeing of food prices. The Front is confident of winning this vote provided the peasants are convinced that the old guard will not rise again in the guise of the Front.

The other, perhaps more enduring, legacy of the Ceausescu dictatorship is the way in which it almost completely undermined society's confidence in politics. The new Government's task will be the restoration of trust and the channelling of Romania's new-found freedom into genuine democratic institutions. Sunday's elections are the first test.

Recent omens have not been particularly encouraging. The Peasants and Liberals say that some of their provincial headquarters have been smashed up and their candidates attacked by "organised thugs"; some say former Securitate officers are involved. The Front, for its part, denies any collusion and counters that its people have also been harassed.

Nor has there exactly been a level playing field between the parties in terms of publicity. Mr Ion Ratiu, the Peasants' presidential candidate, was refused permission by the Government to set up his own imported printing machine. Early in the campaign the opposition parties fought tooth and nail to gain airtime on the Front-dominated state television. But it was not until last night that the three parties came together to debate their policies with equal time on TV.

On the other hand, the Government has set up an elaborate system of checks to ensure a free and fair election. Each polling station has been issued with a barrage of instructions on conducting the vote and registering complaints. Yesterday a 60-member international observer delegation arrived in Bucharest, including British politicians, American Senators and election experts from more than 19 countries.

The outward signs of deprivation – the food shortages and queues – have disappeared

These moves are a response to fears among the public and the international community that the elections might not be fair. But they also recall the inter-war period when elections were shamelessly rigged. That is the legacy the new government will be asked to leave behind on Sunday if Romania is to rise above the long shadows of the past 90 years.

The legacies of the Communist Party and the pre-communist past linger on

OBSERVER

Time to buy a bookshop

■ The Travel Bookshop, just off London's Portobello Road, is up for sale. Sarah Anderson, who founded it 10 years ago, says that she decided to sell while she was on a long holiday in Australia earlier this year. She wants to see more of the places – far and near – that she has been successfully selling books about.

The shop, which now includes a sizeable mail order business, has acquired a reputation around the world. It also makes a profit – about 15 per cent of a turnover of £160,000 last year, according to Anderson. There are around 18 shareholders, mostly personal friends, who have been receiving a small dividend and may benefit from the sale.

Anderson herself is a mine of information about travel trends. She is able to tell from the volume of inquiries about books which country is in and which is out. This spring France is in, but then it nearly always is. The country that has come roaring up, she says, is Czechoslovakia.

A year ago what she calls the "exotic preference" was Thailand, but fashions change quickly and Thailand has dropped down the scale. India, however, has remained consistently popular, though only in winter.

If she had to make a guess about the exotic and "adventurous" place of the future, she would plump for Mongolia. "I've no idea whether it would be winter or summer," she says, "but I'm told it has wonderful fishing."

Now that she has decided to sell, she claims that she would be happy to do a deal today. Then, perhaps, off to Mongolia.

Tax crimes

■ Companies House has found a new way of scaring directors into filing their companies' accounts on time: sending out press releases about the rich and famous who have lapsed. First to be subjected to this treatment are pop stars Annie Lennox and Dave Stewart of the Eurythmics, and Simon Le Bon and Nick Bates (stage name Rhodes) of Duran Duran. All four failed to file in the time allowed. The result: fines of up to £250 and a criminal record.

Sheffield mark

■ Sheffield's ancient Company of Cutlers has launched the Sheffield mark, building on the city's long-standing right to use its name as a trade mark. It has "Sheffield" printed across a stylised wheatsheaf – one of the city's heraldic symbols.

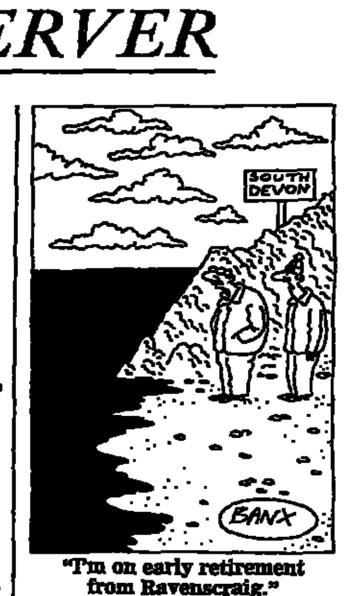
It looks good, but the knives are out locally, inevitably perhaps in an edged-metals industry where cutlery, chisels, axes and other tools are still made by a sizeable number of small, family-owned businesses.

Harry Flowers of Rutland Cutlery and president of one of the trade associations, says: "It's too big. You tell me where and how I'm going to stamp it on a teaspoon."

There is also controversy over Richardson Sheffield, which makes kitchen knives, having first use of the logo on the broad blades of its breadknives. Purists say that because Richardson finishes imported blanks, first use should have gone to someone using local steel.

At this week's annual Cutlers' Feast, one disgruntled rival managed to bend the blade of a presentation breadknife to make his point, then started sawing a table leg to test the edge. It would still cut bread, but he pronounced it technically ruined.

The new mark is more about marketing than manufacturing. It will be used to bring consistency to marketing the city's goods around the world.



"I'm on early retirement from Ravenscraig."

Big place

■ "Well, I'll certainly say it's large – there's lots of room for expansion," said William Purves, in the Scottish accent for which the chairman of the Hongkong and Shanghai Bank is renowned.

Purves was standing in the vast grey and off-white marble atrium-style banking hall of his rival, the Bank of China, whose new Hong Kong tower block was formally opened last night.

The 70-storey building is 367.4 metres high, including two chop stick type poles that stick out of the top, piercing the clouds. It is the fifth highest building in the world, and the highest outside the US.

The aim is to be the biggest and cheapest bank in the Colony. The building cost over HK$3bn, which is less than the Hongkong Bank's ruggedly functional Norman Foster-designed headquarters nearby, where the estimate was HK$5.5bn.

Still, the premises have been hard to fill and about 10 per cent of the 900,000 sq ft total floor area is still awaiting tenants – the Bank of China and its allied organisations have approaching 40 per cent.

If anyone wants some space, it is understood that it is available well below the asking price of HK$47 per sq ft, which is already significantly less than the HK$55 that was being achieved before the events in Tiananmen Square last year knocked Hong Kong's economy.

On and on and...

■ Margaret Thatcher is to become only the third recipient of the Aspen Institute's Statesman Award in the Institute's 40 year history. She is in slightly improbable company. The previous recipients were Jean Monnet, the founding father of European integration, and Willy Brandt, arguably the founding father of German unification.

The Prime Minister will make a speech at the Colorado-based institute's 40th anniversary celebrations in early August on the theme of "Renewal: Leadership and Values for the 21st Century." Perhaps she is staying longer than we thought.

Down market

■ Even by his own adventurous standards, Robert Maxwell has moved into a new world with his purchase of three of America's sleazier tabloids. Sold mainly at supermarket checkout counters, the Globe, National Examiner and the Sun have a combined weekly circulation of 2.5m and are making a profit despite falling sales.

The current front pages of Maxwell's acquisitions proclaim: "Boy, 5, Gives Birth. 'It was astounding,' say stunned doctors," and "Jesus is already back on earth, say scholars."

POLITICS TODAY

Labour's hard climb through the centre

By Joe Rogaly

If you judge the British Government by its performance over the past year it deserves to lose the next general election. Yet it is not at all clear that Labour is poised to win.

This is the most cogent reason why the sense of doom that afflicted the Conservatives a short while ago – "was it all a waste?" a prominent minister asked in a particularly frank and very recent private conversation – *has for the moment been lifted*. The Labour Party has been outsmarted on day-to-day tactics; as to long-term strategy it might yet outsmart itself. The story on tactics is well-known. "How could they have been so easily duped?" one of the Prime Minister's close confidants mused this week, reflecting on Labour's failure to anticipate the Tory coups in the recent local elections, not to mention its inability to forestall last week's obvious confidence trick: you allow everyone to believe that 10 per cent inflation is about to be announced, so that the actual disaster, 9.4 per cent, seems like a triumph.

This chop logic has enhanced Conservative morale and apparently prolonged Mrs Margaret Thatcher's political life. The threat of a takeover by Mr Michael Heseltine no longer seems so imminent. "It is marvellous how anyone who opposes her sooner or later ends up dead," says the abovementioned confidant, who happens to be a sycophant in his spare time.

The flurry of tactical victories has not, however, answered that morose and increasingly common question about what has happened to Britain since 1979 – "was it all a waste?" The rising inflation, and civic disorder of the late 1970s were brought to an end during the early Thatcher years; that was no waste. As to whether a decade of the "right" approach has resulted in any improvement in Britain's hopes of meeting various west European standards of education, training, productivity, economic well-being, and quality of life, the best that can be said is that the jury is still out.

Herein lies Labour's strategy. The electorate, it is assumed, will return a verdict of guilty. The Tories will lose the centre vote because of their misuse of the proceeds of North Sea oil and their stony-hearted transfer of wealth from the poor to the rich, not to mention the poll tax. The Government will be thrown out of office as Thatcherism disintegrates. Mr Neil Kinnock will become Prime Minister by mid-1992 at the latest. All that Labour has to do is shed policies that formerly repelled potential voters, offer a mild social democratic alternative, stay united, and wait for the apple to fall from the tree.

It might. The Government's season of troubles is by *no means over*. Mr Heseltine may after all split the Conservatives by challenging Mrs Thatcher this autumn. Unemployment is likely to rise. There will be more bankruptcies. The Treasury's forecast that inflation will drop sharply during 1991 may be as inaccurate as its previous forecasts. Mortgage and interest rates may be stuck in uncomfortable double figures for *the next two years*. There *might* be a recession too late in the electoral cycle. It may prove fiscally awkward *to bribe voters into acceptance* of the community charge next year *and* engineer twopence off the standard rate of income tax in, say, March 1992.

If the above assumptions are correct, Labour's strategy has much to be said for it. It is all explained in the slimmed-down and often quite attractive set of policy papers that emerged in draft form this week. Mr Kinnock's Labour Party is no longer unilateralist on defence. It is moderately pro-European without being federalist. It would only renationalise telecommunications, electricity and water, and then just a little bit, to keep its left happy. It would accept much of the Conservative legislation on trade *unions, outlaw the closed shop, and* continue to restrict the number of pickets to half a dozen. It would increase spending on health, education, pensions and social security, but mostly only when economic growth has provided the necessary revenue. Training would be a priority. There would be devolution to regional authorities and "partnership" between government and industry.

The package could be unbeatable *if* the quasi-renationalisations are excluded, because then Labour could elect Mr Heseltine as leader and run under the banner of one-nation conservatism. Think about it. It works, does it not? Leaving personal sensibilities aside, the reason why in real life it does not is that the Conservatives stand a good chance of being seen as better at conservatism, of whatever stripe, than a revamped Labour Party. Just one example makes the point. If Labour wins, income tax will rise, gradually, to a maximum of 59 per cent, including national insurance. The top levels will apply only to the very rich, and the lowest band would fall by 5 per cent to 20 per cent. Most people will not be out of pocket at any time, it is implied in the skilful chapter drawn up under the watchful eye of Mr John Smith. It reads well, *but* try selling it against the likely Tory slogan: Conservative government costs you less.

This may sound unfair to Labour, and too dismal at a time when the party's lead in the opinion polls still translates into a smashing overall majority in a hypothetical election held during the past few weeks. Perhaps it is. The trouble is that the lead *is by no means unassailable, and the* election will not be held until the Conservatives *are ready for it*. They are good at choosing the right moment, which is when economic optimism is running strong.

Here the Mori *poll's* economic index, showing the difference between the proportion of people who think the economy will improve as against those who think it will deteriorate, is instructive. It sank to -64 per cent in January 1980, reflecting 10 per cent *expecting an improvement against* 74 per cent expecting things to get worse. Yet it was positive by the time of the June 1983 election. It was down into the minuses through the whole of 1985 and 1986, but comfortably plus for the June 1987 election. The figure for April 1990 is -37 per cent, an improvement on March 1990 but otherwise the worst since March 1981.

Labour will lose its gamble if the *Tories get this figure, known to Mr* Kinnock as the "feelgood factor", positive *again within the next two years*. The Labour leader's strategists have yet to show that they understand the need to insure against such an eventuality, however remote it may seem today. The best form of insurance is to win positive and lasting support from the centre party voters, to offset the likely ebbing away of the recent tide of Tory protest votes. The Labour lead already seems to be subsiding: *according to yesterday's ICM poll in* the Guardian it is 18 percentage points, as against 24 per cent a month ago. The missing six points have been captured by the Liberal Democrats, the Greens and the Social Democrats, making their joint total 16 per cent.

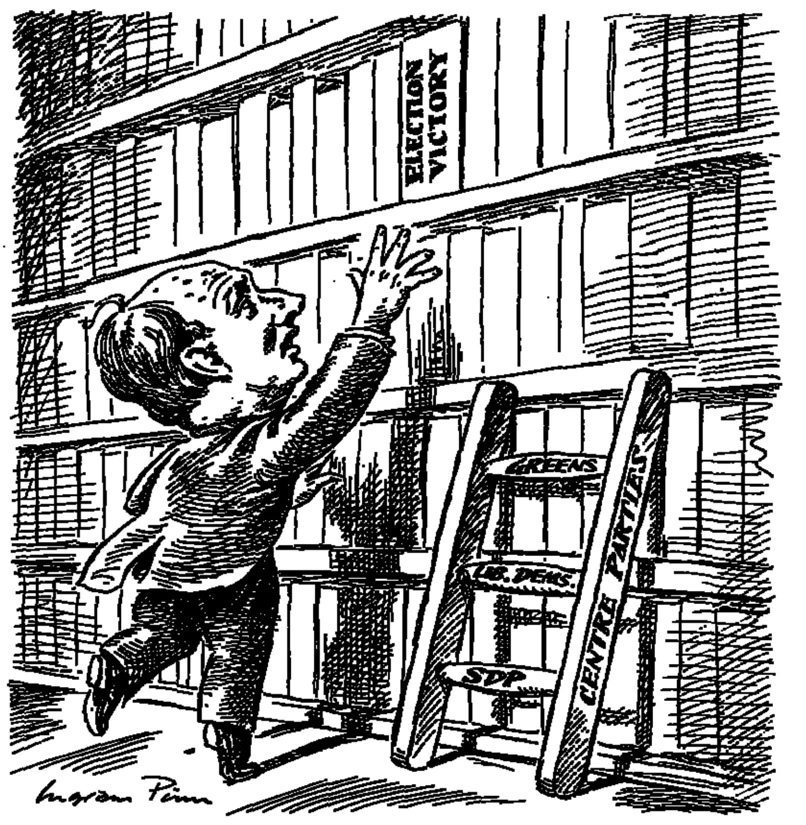
This is well below the 25 per cent or so scored by the centre parties in the recent local elections, but still high enough to give Labour plenty to think *about. If there is only about 80 per* cent of the vote for the two large parties to fight over, what price a Conservative recovery to their scores of 42 per cent and above in the last three elections? *In such circumstances*, Mr Kinnock would be pipped at the post.

One of the things you learn when you write for the newspapers for a long time is that the existence of a problem does not mean that there is a solution. It could be *that* there is no solution for Labour: it has put on the clothes of an alternative government and now has no option but to sit it out and see if the Tories destroy themselves. But what if they only very nearly destroy themselves? Then Labour would rely on marginal issues, attractive to centre voters in particular.

Greenery is such an issue. The Conservatives may get so tangled over the costs of environmental policies that Mr Christopher Patten is obliged to produce a disappointing white paper in the autumn. Mr Jonathon Porritt, of the Friends of the Earth, warned the Tory Reform Group of this possibility on Monday. Mr Patten, he said, is Oliver Twist; Mrs Fagin and the Artful Dodgers are merely using him. We shall see. But if Mr Porritt is right, Labour could jump in, promising its green taxes, its regulation, its price mechanisms; only its spokesman Mr Bryan Gould could spoil the chance, if he fails to prevent himself from airing his social preoccupations while *selling a green manifesto*. I think he is learning.

Constitutional reform could be a powerful unique selling point, which Labour could aim at centrist voters. It has failed to perceive this. True, it promises an assembly for Scotland, in Mr Kinnock's first year of office. It is likely to advocate the incorporation of the European Convention on Human Rights into British law. But regional *assemblies and an elected Senate* will be distant prospects at best. Proportional representation, which alone would electrify centrist voters, is ruled out for the House of Commons and otherwise dodged by referral to a special committee on forms of election.

In short, the Labour Party is asking us to support it on the grounds that, first, it is not Mrs Thatcher's Conservative *Party and, second, it has good* intentions. We are required to believe that the most successful party boss Labour has had would become the moderate Prime *Minister* Kinnock. There are to be important constraints. Labour proposes membership of the Exchange Rate Mechanism of the European Monetary System, which could be a check against fiscal irresponsibility. It proposes that social *and environmental matters be determined* by majority voting in the European Council of Ministers, a counterbalance to Westminster powers. It even suggests the possibility of accepting a European central bank, if it is made accountable. But at home, we are to swap one elective dictatorship for another. "Just write this cheque for power," Labour is saying, "and leave the rest to us." On that *argument, it does not deserve to win.*



LOMBARD

Stop running down London

By Anatole Kaletsky

For any Londoner who dreams of living in a green and pleasant city – a great metropolis unclogged by traffic, untouched by poverty and undisturbed by noise – I have a suggestion. Go and live in New York. Then come back home.

Returning to London after almost four years in Manhattan reminds me of an epiphany I had one Monday morning as I walked past Grand Central Station. Yellow cabs hooted, beggars howled, commuters shoved.

And yet the place seemed strangely calm and empty. What was the reason for this curious silence? Suddenly I realised – I had returned the previous night from São Paolo. To senses still overloaded by the chaos of South America's *biggest city*, New York seemed almost serene.

London today presents a similar case of cognitive dissonance. Complaints of transport chaos, rampant beggary and the impossibility of urban living appear to dominate the dinner party consensus.

Yet, moving from Manhattan to central London, the overwhelming *impression* is *of* a city singularly blessed with open space, with tranquil residential areas and even with a transport infrastructure that would be the envy of any comparable metropolis in the world.

The last phrase will naturally have cost me many readers. But as you fail to squeeze into the third consecutive *sardine-train* through Shepherd's Bush, consider the comparison a moment longer.

There are just three cities in the world comparable in size and economic development to London: Tokyo, New York and Paris. Which of them has a better transport infrastructure or is a more comfortable, spacious *and peaceful place to live in?* Possibly Paris, certainly not the other two.

Why then, do Londoners complain so much more vehemently about their environment? Looking at transport, the biggest bone of contention, one great deficiency seems to stand out. In comparison with other great cities around the world, London does not lack an adequate physical transport infrastructure. London is served by far more commuter rail lines and four times as many central termini as New York and the tube system is better integrated and more *comprehensive than the subway* or even the Paris metro.

The trouble is that much of this capacity is underused. In spite of a 44 per cent growth in the demand for tube travel between 1983 and 1989, the *average interval between* trains on the underground actually increased by 6 per cent during this period, from 3.3 minutes to 3.5.

The fate of London's bus services has been even worse. While many New Yorkers commute to work along rigorously enforced bus lanes, buses have ceased to be an option for many *Londoners* because of the dramatic cuts in service frequency, leading to average waiting times as high as 20 minutes on many routes.

There are, of course, many reasons why London's public transport system fails to make maximum use of the enormous physical infrastructure which the city already enjoys. The *tube lines need new signalling* equipment if they are to run more frequent services. The buses need strictly enforced bus lanes or even whole roads set aside for them in order to become an efficient transport mode once again. There need to be far more taxis if Londoners are to leave their cars at home when they go shopping *and there should be special* taxes on private parking spaces in the centre of town.

But what Londoners should not forget as they hear politicians making excuses about the state of the city's infrastructure, is that these are all perfectly manageable administrative problems. If London Transport is planning to take *eight years to resignal the* Central Line, and 10 to complete the same work on the Northern Line, or if politicians claim that road congestion is a reason for running down bus services, rather than building them up, let us not lay the blame on wonderful old London – but rather on the people who have got it into its present sorry state.

LETTERS

Compromise solution for ERM entry

From Mr Giles Keating.

Sir, The Treasury and Bank of England are rightly *concerned to ensure that* sterling's entry into the Exchange Rate Mechanism of the European Monetary System does not cause the spurious interest rate cuts, unjustified by domestic conditions, that are for some politicians the main pay-off of ERM entry.

Some commentators have recently suggested that such cuts can be *avoided by joining* in a wide band whose lower end is close to the current market rate (for example DM/£2.75-3.10). This would ensure that any initial capital inflows are choked off by currency appreciation rather than interest rate cuts. But there are two major objections to this.

First, the legitimate political fear that such *strong medicine* might later, close to the election, precipitate spurious interest rate increases, to defend the bottom of the band against erratic downward pressure. Second, Samuel Brittan's point ("How not to join the EMS," May 14) that after the initial rapid *appreciation, there might* be a prolonged period of downward movement from the top of the band to the bottom, which would give the impression that the EMS was ineffective, undermining the favourable effect on inflationary expectations that is supposed to be a central purpose of joining.

The solution surely has to be a compromise – choose a wide band whose centre is close to the current market rate, say 2.806 (which is the rate implied by the current theoretical sterling-Ecu central parity and therefore one to which none of our EMS partners could legitimately object). This allows some scope for initial appreciation, to almost DM/£3.00, thus limiting the risk of spurious early interest rate cuts. But it also allows scope for significant depreciation (to around 2.63) *should sterling* be subject to erratic downward pressure in the run-up to the election, maybe at a time when interest rates were being cut for legitimate domestic reasons.

After the election, it would be possible to shift to a narrow band at an unchanged central parity, if necessary by reversing part *of* the pre-election *interest rate cuts*. This would avoid the impression of monotonic depreciation, thus answering the point raised by Mr Brittan.

Giles Keating,
Director (Economics),
Credit Suisse First Boston,
2A Great Titchfield Street, W1

Exercise of trustee duties

From Mr John C. White.

Sir, David Owen ("Securing unsecured trust in a corporate trustee," May 15) refers to the appointment by Law Debenture Corporation of Royal Exchange Trust as its attorney to exercise the duties of trustee of the B&C convertible unsecured loan stock, because of the possibility of a conflict of interest.

Why was this possibility not apparent to LDC when it assumed its role in the first place? It seems extraordinary that, at the most important *moment in its trusteeship*, LDC feels obliged to abandon its responsibilities to another party with, presumably, all the additional costs involved.

John C. White,
The Pines,
Hoppety,
Tadworth, Surrey

Safeguards for South Africa's minorities of all kinds

From Mr Jan Smit.

Sir, I find it quite outrageous that a newspaper with the FT's standing can still make such basic conceptual errors as regards reporting *developments in the southern African* constitutional tangle. ("Minority rights plan for South Africa," May 14.

You refer to Mr Gerrit Viljoen (minister charged with elaborating a post-apartheid constitution) seeking to protect "white" minority rights in such a future constitution, but it should be abundantly clear at this stage that it *is not* just "white" minority rights that are in question – especially when the reporter quotes Mr Viljoen as saying: "These minorities ..." (that is in the plural and thus creating some inconsistency in the grammatical logic of the report.)

South Africa is a conglomeration of minorities of all kinds – racial, cultural, linguistic, *religious*, etcetera. These minorities need to have some safeguards in a future constitution.

Jan Smit,
30 Brickfield Cottages,
Chevening Road,
Chipstead,
Sevenoaks, Kent

Tax burden on families

From Ms Fran Bennett.

Sir, You report ("Treasury warns ministers," May 14) that the Treasury "is determined that child benefit should be *frozen for the third successive* year." If it is frozen again in 1991, this would, in fact, be the fourth, not the third, successive freeze. Already, most of the country's mothers are losing £1.35 a week as a result of the continuous freeze in child benefit since 1987.

Child benefit replaced the old child tax allowances, as well *as family* allowances, and is now, therefore, our only means of attempting some equalisation of the tax burden between those with and those without family responsibilities.

The increase in the tax burden on families with children as a result of the reduction in child benefit's real value sits oddly with the Government's claims to represent the party of the family and of reductions in taxation. No wonder your report says that any further freeze would create "opposition ... among the Government's own supporters," especially in the run-up to a general election.

We trust the Government will think again.

Fran Bennett,
Director,
Child Poverty Action Group,
1-5 Bath Street, EC1

Mexico's 'appealing consistency': a need to look at all the facts

From Mr Christopher Whalen.

Sir, William Cochrane's description of the Mexico City stock exchange ("Mexico advances *while* Ireland falls further," May 9) lacks several important pieces of information of which foreign investors should be aware.

First, inflation in Mexico does indeed appear close to that of some southern European nations, but in reality non-government sources put *the rate near 30 per cent* – and rising. Wage and price controls do not price stability make.

Second and more important is the related question of the currency. The Government is devaluing its currency one peso per day against the dollar or roughly 10 per cent annually.

Yet most private, non-government sources estimate that the currency is 10 per cent-20 per cent overvalued already – a result of *inflationary* government policies meant to make imported food and consumer *goods* affordable to Mexico's impoverished and increasingly disaffected populace.

The inflation comes from the 45 per cent interest rates paid on Mexico's growing internal debt. Mr Cochrane does not mention that 90 per cent of the turnover on the Mexico City bourse consists of high coupon debt issued by the Mexican Treasury to attract hard currency – what Deputy Finance Minister Jose Angel Gurria euphemistically refers to as "returning flight capital."

Mexico's current account *deficit for 1990 is estimated* to be $7bn, up $2bn from last year. Hard currency reserves are reported to be under $4bn and are deteriorating at a rate of roughly $2bn per year. Hardly a recipe for currency stability.

Before you tell your readers of "an appealing consistency about Mexico," you should look at all the facts.

The real return on the Mexico City bourse was 49 per cent for the year ended March 31. But when the Government claims that inflation is below 20 per cent, but offers interest rates over 40 per cent, does this not suggest an imbalance?

Shrewd investors who have taken advantage of Mexico's artificial stability have benefited very handsomely indeed. But the real heroes will be those who sell their pesos before the inevitable devaluation.

Christopher Whalen,
The Whalen Company,
1717K Street, NW,
Washington, DC

FINANCIAL TIMES
Friday May 18 1990

UK groups face costly European ruling on pensions

By **Tim Dickson** in Brussels and **Eric Short**

A EUROPEAN Court judgment yesterday on occupational pension schemes could cost British employers several billion pounds.

The judgment upheld the principle that schemes should apply the same retirement benefits to men as they do to women made compulsorily redundant by their employers.

The ruling was warmly welcomed by Britain's Equal Opportunities Commission which saw it as a landmark for equality in pension provision in the UK.

The judgment ends a 10-year battle in a case, brought against Guardian Royal Exchange Assurance by the late Mr Douglas Barber, a former employee.

Among the issues to be decided by the Court was whether a retirement pension and benefits paid in the event of compulsory redundancy constituted "pay" for the purposes of Article 119 of the Treaty of Rome.

In reaching their decision, the Luxembourg-based judges relied heavily on the interpretation of this article, under which member states are prohibited from sanctioning any discrimination with regard to pay between men and women.

They asserted that a pension paid under a private occupational scheme – contracted-out of the state scheme – fell within the scope of Article 119.

In London last night pension consultants predicted that the judgment would have important financial consequences for employers, if their male employees decided to enforce their new found right to retire early with the same pension as had been available to women, rather than suffering a reduction as at present. Estimates of such costs range from £25bn ($42bn) to £50bn.

Mr Barber had been made redundant when he was 52, receiving the usual redundancy cash payments, together with the right to a deferred pension from the scheme's normal pension age for men of 62.

In contrast, a woman aged 52 could have taken an immediate early retirement pension.

GRE had not contested that a woman in the same position as Mr Barber would have received an immediate pension and that the value of her total benefits on redundancy would have been greater.

The company argued, however, that EC law permitted exceptions from the equality principle under a 1979 directive.

Significantly the Court ruled that its judgment could not be used by those making claims retrospectively: thereby relieving employers from the threat of an immediate flood of claims from employees earlier made redundant.

The judgment applies only to those in private occupational schemes.

Theo Waigel, West German finance minister, (left) welcomes his East German counterpart Walter Romberg to Bonn where a treaty will be signed today which will lead to the merger of their two countries' economies on July 2

Brittan proposes defence role for EC within Nato

By **Lucy Kellaway** in Brussels and **Edward Mortimer** in London

SIR Leon Brittan, vice president of the European Commission, made a strong bid last night for the EC to become a "European defence pillar" within Nato.

In a speech which takes the discussion about European political union on to increasingly sensitive ground, Sir Leon said he was "increasingly persuaded that now is the time to develop a security dimension to the European Community". This (though he did not mention the fact) would be in line with last month's Franco-German proposal calling for a common foreign and security policy.

Sir Leon, who was addressing an East-West Conference of Young Politicians in London, made clear this was "an entirely personal conclusion", not agreed Commission policy. However, the security question was raised at a Commission meeting last weekend and there was a consensus that something more than loose co-operation might be desirable.

Sir Leon proposed that a new European Security Community should be set up alongside Euratom, the Coal and Steel Community and the Economic Community, and "assimilated as closely as possible into the existing Community institutions – although "because of the problem of Irish neutrality on the one hand, and Norwegian, Icelandic and Turkish membership of Nato on the other", it would have to have "slightly different" decision-making arrangements.

The new body, he said, would subsume within it the existing structures for defence and security co-operation – Nato's Eurogroup and Independent European Programming Group, as well as the nine-member Western European Union – which he described as "bitty" and lacking an overall strategy.

The new body, he added, should be "the forum in which Europe developed a common defence strategy, and a coherent arms procurement policy." It could organise joint training and joint manoeuvres.

In the longer term it should have its own research and development budget and might even "manage" a European nuclear deterrent, as an equal partner with the other, North American, pillar of Nato; and could encourage greater military integration "both in terms of joint forces and specialisation of roles". It might also, he said, help the Soviet Union to accept full Nato membership for a united Germany, by "strengthening Europe's independent voice in matters of security".

Member states would continue to have autonomy over defence matters, except in arms procurement, where Sir Leon suggested the countries should be forced to drop their national preferences, abiding by the same procurement rules that apply to other sectors.

Security leaks 'may never stop'

By **Ralph Atkins** in London and **Our Belfast Correspondent**

AN EIGHT-month inquiry into collusion between Northern Ireland's security forces and loyalist paramilitaries has resulted in wide-ranging recommendations for protecting intelligence documents and improving recruitment to the Ulster Defence Regiment

Mr John Stevens, deputy Chief Constable of Cambridgeshire, found UDR members had been involved in collusion. But the passing of information to paramilitaries by security forces was "neither widespread nor institutionalised."

His summary report, released yesterday, concluded that, in the present climate, leakages of classified information may never be completely eliminated.

Since the inquiry was set up in September, 94 people have been arrested and 59 charged or reported for offences under the Prevention of Terrorism, Official Secrets and Firearms Acts.

The inquiry followed the disappearance of photo-montages from army and police stations and allegations that information was being leaked illicitly to organisations such as the Ulster Defence Association and its illegal military wing the Ulster Freedom Fighters.

No police officers have, as yet, been charged but it emerged yesterday that reports on two officers in the Royal Ulster Constabulary had been sent to the province's Director of Public Prosecutions.

Mr Peter Brooke, Northern Ireland secretary, expressed "great regret" at the misbehaviour of a few individuals but praised the honour and courage the UDR which has seen more than 220 of its former and serving and members killed over the past 20 years.

The inquiry, which lists 83 recommendations and has cost £500,000 ($840,000) so far, calls for changes in the structure of the RUC and the setting up of a new anti-terrorist squad.

Other recommendations include ensuring higher standards of recruitment to the UDR and the introduction of accounting and supervisory functions on intelligence computer systems.

Taiwan expected to recognise Chinese Government

By **Peter Wickenden** in Taipei

TAIWAN'S PRESIDENT Lee Teng Hui is expected to announce a significant change in Taipei's attitude to China on Sunday by formally recognising the authorities in Peking for the first time in 40 years.

He is expected to make the announcement at his presidential inauguration on Sunday which will mark the start of his first full term as Taiwan's first native-born president.

The announcement could pave the way for talks on establishing relations between the two countries.

In meetings with groups of legislators and academics in recent days, Mr Lee has indicated that Taiwan is considering ending the "period of general mobilisation during the Communist rebellion."

This has lasted since the nationalist Government of the Republic of China was driven off the Chinese mainland by Communist forces in 1949.

The ending of the period of Communist rebellion would amount to a formal recognition of the authorities in Peking and pave the way for talks on establishing practical relations between Taiwan and China.

Taipei has never recognised the existence of the Government in Peking and has stuck to a "three no's" policy of: no official contact, no negotiation and no compromise with what it regards as a rebel regime.

On Tuesday, however, Mr Lee astounded the nation by saying that Taipei would be willing to negotiate with Peking but only on a government-to-government basis.

On Wednesday, General Hau Pei Tsun, who has been named as the new premier, said: "It is 'one country, two governments'. This is the reality and has been for the last 16 or 17 years."

Mutual recognition and negotiation will eventually be thrust upon the two sides if they are both to gain membership of organisations such as the General Agreement on Tariffs and Trade.

Mr Lee has told legislators that any talks between the two Governments must be on an equal basis and could begin only after Peking renounces the use of force against Taiwan and adopts a free and democratic system. Peking regards Taipei as a local authority but China's vice premier, Wu Xueqian, has proposed that the Communist Party negotiates with the Kuomintang.

In response, Mr Lee was quoted as saying that talks on unifying China with Taiwan could not be held between the two ruling parties because other groups were involved. This has been hailed by Taiwan's opposition, which all along has demanded government-to-government talks

Mr Lee said his inaugural speech on Sunday will surprise the people. He is also expected to announce a two-year timetable for constitutional reform.

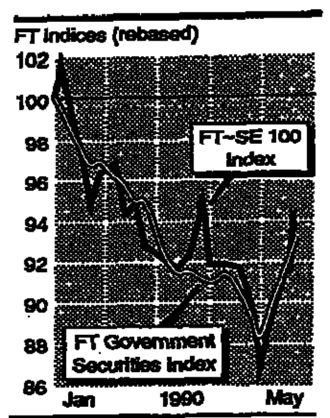
THE LEX COLUMN

Equities enjoy a change of tune

There are plenty of reasons why the UK equity market yesterday enjoyed its biggest jump since the dark days of late 1987, and most of them are probably wrong. If the Chancellor's speech to the annual dinner of the CBI last night is any guide, hopes of imminent UK entry to the exchange rate mechanism are overly optimistic, and the Japanese wall of money arguments are as ephemeral as ever. Market makers have been caught desperately short of stock, and the suddenness of the market's move is bound to have unnerved those fund managers who had been building up their liquidity. Buying the market just because it is going up does not sound terribly professional, but it is a factor which should not be underestimated.

Nevertheless, it would be wrong to understate the transformation in the mood of the UK equity market over the past fortnight. The political worries, which have dogged sterling, have eased following the local election results, last week's inflation figures were not as bad as feared, and blue chip companies continue to report double digit earnings growth. The heavy overseas component in the profits of UK plc, and the relative cheapness of the London market, makes the case for selling UK equities hard to sustain. The London equity market has massively underperformed New York this year and before yesterday's surge, the FT-SE 100 had still not risen as fast as the Dow in May. Some catch up was inevitable and the recent 7 per cent jump in the prices of UK long bonds was the final trigger.

If market sentiment was overly gloomy at the start of the month, there is a danger now that it is swinging too far the other way, ignoring the UK's economic problems which have not gone away. Early entry to the ERM would give a fillip to share prices, but interest rates could just as easily rise after entry, as before. Meanwhile, UK bond prices have fallen 10 per cent this year whilst equities are only down 5.7 per cent, which is not a very bullish indicator.



Whitbread

When solid, defensive companies like Whitbread, operating in mature markets, can report annual earnings growth of 19 per cent, then it is difficult to get overly bearish about either the UK economy, or the equity market. Even allowing for the Boddington acquisition, the growth in Whitbread's UK beer volume is impressive, and the heavy investment in its retailing operations seems to be paying off.

There are longer term questionmarks over its heavy dependence on a declining UK beer market, and its reliance on brands it does not own, like Heineken. But in the short-term, Whitbread seems to be better prepared than most for the reorganisation of the industry. Meanwhile, a prospective multiple of less than 10 looks cheap for a conservatively geared company promising 15 per cent plus per annum earnings growth over the next couple of years.

Coloroll

With the announcement of Candover's potential rescue package, Coloroll has travelled all the way from stock market high flier to venture capital vehicle in less than eighteen months; a transformation which has more traditionally taken place in the opposite direction. The fact that shareholders will be offered unquoted paper and no cash implies that the value of the equity has disappeared and that a rights issue is accordingly impossible. It is also clear that far more than the earlier-mooted £75m is required. Any injection by Candover and partners will need to be well over £100m and a bank refinancing will be needed too.

The incentive for Candover is that, out of the glare of the public eye, it may be possible to sell off some of the businesses for more than the fire sale prices which would be commanded if the company was in receivership. But Candover understandably wants to take a very close look at the books before committing itself; agreement on a deal is probably weeks away.

Shareholders have at least had the chance to deal while they have awaited the rescue but the outlook is otherwise bleak. Considering that their best option is the chance to convert their shares into a minority interest in an unquoted company, it is surprising that the shares fell only 3½p to 8½p, representing a market value of £18m. Perhaps the decline was limited by yesterday's stock market euphoria, but Coloroll ought to stand as a lesson for those contrarians who believe in investing in the corporate sector's walking wounded. The length of time involved in constructing a rescue package is daunting enough – Sock Shop had to ask for another three months grace yesterday – and at the end shareholders usually finish empty-handed.

Royal Insurance

That old bug-bear of investors, the underwriting cycle in US property/casualty insurance, is in a tricky phase. Royal Insurance gets about 35 per cent of its premiums from the US, and yesterday reported a worldwide first-quarter pretax loss of £63m, thanks to UK windstorms. It reckons US premium rates are creeping upwards again, after three years of price-cutting. Wall Street stock analysts agree and say that rates are currently rising by about 2 to 4 per cent, for commercial property risks especially.

But the same commentators reckon claims costs are probably rising by 10 to 12 per cent. So even if the pricing cycle is turning, there seems little chance of the US-oriented composites, Royal and General Accident, seeing the huge bottom-line recovery there which they enjoyed last time around. US insurance company results are not quite bad enough yet to force them to jack up prices. Only one major domestic insurer, Fireman's Fund, showed a net loss per share last year. Even if the results get appalling, California's anti-insurer Proposition 103 suggests the US public will not accept the rate rises they faced six years ago.

So, if investors want a case for buying Royal shares, after yesterday's 31p rise, the US is not the answer. And Royal's UK trading results, particularly in private motor, are worsening fast. At 464p, Royal is trading at just over net asset value (NAV). That seems about right, but with little room for much more of a rise soon: comparable US insurance stocks such as Cigna are at 20 to 40 per cent discounts to NAV.

UK markets gain sharply

Continued from Page 1

had been no change of heart on the Madrid conditions for EMS entry, which prescribe a significant fall in the rate of inflation before membership. Most economists expect the increase in the Retail Prices Index to continue increasing until August.

In a speech last night, Mr Major added little to this: "I am sure we will benefit from joining the ERM, and join it we most certainly will when our conditions are met. But it is an added discipline, which will reinforce domestic monetary restraint, not replace it."

● The job losses shown by the jobless data came in the south-east of England, where unemployment increased by 6.9 per cent over March. East Anglia and the south-west. These areas all have below-average unemployment. Elsewhere, unemployment continued to fall.

The figures come hard on the heels of announcements of job cuts in several companies, including 770 jobs at the Ravenscraig steel mill, 1,125 jobs at the Brymbo steelworks in Wrexham, and between 4,000 and 5,000 job cuts at British Telecom.

The number of employees in manufacturing industry is estimated to have fallen by 18,000 in March alone, the department said – the largest fall since the downturn began. Manufacturing employment has fallen in 11 of the last 13 months, and in the year to March has fallen by 46,000, reversing a gain of 47,000 in the previous 12 months.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	23	73	Dallas †	S	15	59	Madeira	F	20	68	Prague	S	17	63
Algiers	S	26	79	Dublin	C	16	61	Madrid	F	22	72	Reykjavik	C	9	48
Amsterdam	S	17	63	Dubrovnik	S	25	77	Majorca	S	26	79	Rhodes	S	21	70
Athens	S	26	79	Edinburgh	F	12	54	Malaga	S	23	73	Rio de Janeiro		–	–
Bahrain	S	34	93	Faro	S	21	70	Malta	S	23	73	Rome	S	21	70
Barcelona	S	22	72	Florence	S	26	79	Manchester	C	15	59	Salzburg	T	23	73
Belfast	C	11	52	Frankfurt	F	22	72	Melbourne	S	16	61	S'Francisco †	C	11	52
Belgrade	S	28	82	Geneva	S	25	77	Mexico City		–	–	Santiago		–	–
Berlin	R	14	57	Gibraltar	S	22	72	Miami †	S	26	79	Seoul	R	21	70
Biarritz	F	26	79	Glasgow	F	12	54	Milan	S	28	82	Singapore	F	32	90
Birmingham	C	17	63	Guernsey	S	15	59	Montreal †	R	12	54	Stockholm	F	10	50
Blackpool	C	14	57	Helsinki	C	7	45	Moscow	C	18	64	Strasbourg	F	23	73
Bombay	F	32	90	Hong Kong	C	27	81	Munich	S	20	68	Sydney	F	22	72
Bordeaux	F	26	79	Innsbruck	F	25	77	Nairobi	F	25	77	Tangier	F	20	68
Boulogne	F	18	64	Inverness	C	10	50	Naples	F	24	75	Tel Aviv	S	27	81
Bristol	F	18	64	Isle of Man	C	12	54	Nassau		–	–	Tenerife	S	23	73
Brussels	F	19	66	Istanbul	F	19	66	Newcastle	C	10	50	Tokyo	S	21	70
Buenos Aires		–	–	Jersey	S	18	64	New Delhi	S	38	100	Toronto †	R	11	52
Budapest	F	28	82	Johannesburg	S	15	59	New York †	Fg	14	57	Tunis	S	25	77
Cairo	S	33	91	Las Palmas	S	23	73	Nice	S	21	70	Valencia	S	25	77
Cape Town	S	21	70	Leeds	Dr	10	50	Nicosia	S	23	73	Venice	S	26	79
Cardiff	F	18	64	Lisbon	F	20	68	Oporto	F	19	66	Vienna	F	23	73
Chicago †	S	12	54	Locarno	S	26	79	Oslo	F	15	59	Warsaw	F	19	66
Cologne	F	19	66	London	F	19	66	Paris	S	21	70	Washington †	F	23	73
Copenhagen	F	13	55	Los Angeles †	F	13	55	Peking		–	–	Wellington	S	15	59
Corfu	S	26	79	Luxembourg	S	21	70	Perth	R	17	63	Zurich	S	23	73

C – Cloudy Dr – Drizzle F – Fair. Fg – Fog. H – Hail. R – Rain. S – Sunny Sl – Sleet. Sn – Snow. T – Thunder.
† Noon GMT temperatures

S African town fears clashes between right wing and blacks

By **Philip Gawith** in Welkom, South Africa

PRETORIA rushed police and army reinforcements to the gold mining town of Welkom yesterday, fearing clashes between right-wing whites seeking vengeance after black miners killed two men on Wednesday evening.

The two men were stoned and stabbed to death as mine security forces tried to break up a demonstration by workers at the President Steyn mine outside Welkom. Twelve black mineworkers and four other white men were injured in the incident.

The long-feared clash between the extreme right and blacks is likely to put pressure on the Government to act swiftly against the growth of armed extremist right-wing movements such as the Afrikaner Weerstands Beweging (AWB – Afrikaner Resistance Movement). The Government has tried to avoid a confrontation with such groups so far.

The town was calm but tense yesterday. The Conservative Party advised white miners not to go underground until their safety was guaranteed while Anglo American, which owns the mine, and the National Union of Mineworkers appealed for calm and expressed their regret at the deaths.

A local right wing newspaper, The Transvaler, declared on its front page that the town stood "on the brink of a race war."

On Wednesday night about 100 right-wing whites, many of them armed and wearing the khaki colours of the neo-Fascist AWB – demonstrated outside Welkom police station on Wednesday yelling "We want blood."

Welkom, about 300 km south of Johannesburg, has been gripped by racial tension since white vigilantes took to the streets in March to contain what they described as a rising spiral of crime.

Black community leaders, who claim the vigilantes have killed two innocent black people, retaliated by boycotting white businesses. Businessmen in turn have threatened to stop wholesalers serving black-owned shops to starve out the residents of Thabong, Welkom's black township.

Although the numbers concerned are not large, there is a worry that this sort of incident could spill over into a full-scale conflagration.

Fear is the key element. White miners claim to fear for their safety when they go underground, and blacks, in turn, fear the menacing right-wing vigilante groups which have sprung up recently.

Wednesday's trouble started with a demonstration by about 50 black miners against alleged assaults by white miners on workers wearing the colours of the African National Congress (ANC).

According to a police statement, the demonstrators refused to disperse when asked, instead attacking the mine security officials.

They retaliated with rubber bullets and 9-millimetre pistols. One of the officials was killed during the fighting. Another came upon the fighting in his car and was killed while still behind the wheel.

The deaths follow a serious deterioration in race relations in the town over the past few months. White military muscle has been met with black consumer power – blacks are causing considerable pain to local businesses by boycotting their stores.

A meeting of about 3,000 township residents on Wednesday evening was unanimous that the boycott should continue until the activities of the vigilante groups have been curbed.

Mr Blikkies Blignaut, regional secretary of the (AWB), said that, if they did not receive immediate satisfaction on the question of white miners' safety, they would not hesitate to use violence to defend their own people.

With the arrival of police and army reinforcements, however, their room for manoeuvre will be limited. Right-wing groups were demanding a curfew, although local police officers said they did not have the power to enforce one.

Mr Adriaan Vlok, the Minister of Law and Order, has said that the police will detain and charge any party they believe guilty of intimidation.

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COMPANIES & MARKETS
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INSIDE

Brewers flourish in tough market

Consumers' drinking habits are improving, according to Guinness chairman Anthony Tennant. He told shareholders at the group's annual meeting yesterday that a thirst for *"quality not quantity"* lay behind a 33 per cent increase in pre-tax profit for 1989. Also yesterday, Whitbread announced it had raised its pre-tax profits by more than 16 per cent, despite internal restructuring and tough market conditions. **Pages 27 and 31**

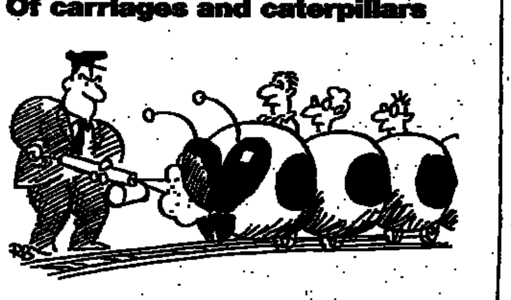
Banks pay the price of planning

Westpac Banking Corporation and National Australia Bank yesterday said interim profits had been reduced by provisions for bad and doubtful debts. Westpac said bad debt provisions rose from A$226m (US$172m) to A$586m, while NAB increased such charges from A$144m to A$247m. **Page 24**

Wheels of misfortune

Chronic overcapacity and cut-throat competition have hit the sales of the world's big tyre manufacturers. Pirelli Tyre Holding, the fifth biggest tyres producer, has suffered more than others, a state reflected in its share price. "Our shares were punished to an extent that seems excessive", says Ludovico Grandi, chairman. Yet Pirelli also seems better placed than others to survive. Haig Simonian reports. **Page 23**

Of carriages and caterpillars



Giant green-and-yellow caterpillars will be crawling all over what is expected to be Europe's largest tourist attraction this year. But the infestation, at Britain's National Garden Festival site on Tyneside, will not be unwelcome. The insects will be the carriages in an innovative monorail system. **Page 33**

Unit Trust Information Service

From today the FT Unit Trust Information Service has been renamed the FT Managed Funds Service. Offshore funds have been regrouped by territory, and local regulatory status is shown where applicable. Offshore insurance funds are now listed in the insurances section. **Pages 38-41**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Dragerwerk	353	+	12
Holzmann (P.)	1475	+	55
Falls			
Brown Boveri	700	−	18
Deutsche Bank	778.5	−	21
Linde	970	−	13
Varta	405	−	10
NEW YORK ($)			
Rises			
AT&T	43⅛	+	½
Corrections Cp.	8¾	+	1⅛
DST Systems	14½	+	1¾
Fed.Nat.Mort.As	39	+	¾
Nat West.Bank	33⅝	+	1⅛
Sotheby's	19⅛	+	½
PARIS (FFr)			
Rises			
Air Liquide	735	+	17

Ciments	1680	+	30
Epeda-Bertrand	1190	+	29
Midi	1369	+	76
Falls			
Industrielle	7290	−	200
Promodes	4190	−	60
TOKYO (Yen)			
Rises			
Koike Sanso	1410	+	110
[illegible]	2300	+	200
Shikoku Chems	1060	+	100
Tosoh	820	+	84
Falls			
Chuo Denki	1510	−	170
Towa Real Est	1010	−	80

New York prices as at 12.30pm.

LONDON (Pence)			
Rises			
BTR	412½	+	12½
Brit. Gas	217½	+	6
Brit. Telecom	280	+	14
Cadbury Schps.	337	+	15
Evered	127	+	8
FKI	71	+	3
GKN	373	+	18
GRE	235	+	13
Guinness	695	+	21
Marks & Spencer	216	+	11½
McCarthy & St.	60	+	9
P & O Defd.	601	+	23

Reuters	1168	+	49
Royal Ins.	464	+	31
Sainsbury (J.)	274	+	12
Shell	468	+	11
TSB	138	+	5½
Welsh Water	172	+	13
Wembley	89	+	4½
Falls			
Coloroll	8½	−	3½
Glynwed Int.	249	−	4
Metro Radio Grp.	145	−	5
Regal Hotels	52	−	12
[illegible]	96½	−	4½

Quarterly income down at Shell

By Andrew Bolger in London

ROYAL DUTCH/SHELL, the Anglo-Dutch oil group, said its net income in the first three months of 1990 dropped by 36 per cent to £816m, compared with £1.28bn in the same period last year.

On a current cost basis – which strips out stock value changes – earnings in the quarter were £826m, a decrease of 25 per cent. Last year's results included a £244m gain from property sales; if this gain is excluded the current-cost decrease is 4 per cent.

Shell said exploration and production earnings had risen, on a historic cost basis, by 70 per cent to £508m, reflecting increased oil production and natural gas sales volumes, coupled with higher oil and gas prices. The recent fall in oil prices showed, however, the vulnerability of the market to perceptions of over-supply.

Oil production and natural gas sales volumes were likely to continue to rise. The expected increase in oil production was accounted for by recent acquisitions in Nigeria and Colombia, new production in Syria and Egypt, and growth from established operations such as Malaysia and Gabon.

North Sea production levels, however, were likely to be lower in the latter half of the year, due to engineering work.

Chemicals earnings declined to £159m from £362m last year, mainly due to sharply lower prices for commodity petrochemicals. Shell said key petrochemical prices now appeared to have stabilised. Demand was strong and capacity utilisation high, although margins were likely to continue to be well down.

Earnings from manufacturing, marketing and marine activities were £290m, compared with £341m last year. On a current cost basis, however, earnings amounted to £295m, an increase of £124m over 1989. Group oil product sales were slightly up.

Corporate charges against earnings were £173m compared with gains of £255m in the corresponding period. Exchange losses amounted to £26m, against gains of £22m in 1989.

Compared with the first quarter of 1989 – which included the £244m property gain – other corporate charges, in particular interest expense, rose substantially.

Coal earnings of £12m were similar to last year, with sales down slightly and prices little changed. Metal earnings of £46m (£41m) included a tax credit of £16m.

Annual meeting, page 28

Glyn Genin

Mr Jean Pierson, (above) executive board chairman and managing director of Airbus Industrie, the four-nation aircraft consortium, was at Luton Airport, north of London, yesterday to celebrate the delivery of the 500th widebody Airbus, writes Paul Abrahams.

The aircraft is second of four A300-600Rs ordered by Monarch Airlines, the UK charter carrier. The aircraft are the largest twin jets in the world, and this particular jet seats 361 passengers.

The aircraft was accepted by the managing director and general manager of Monarch, Don McAngus. He said the aircraft would be used on extended long-haul operations to Africa, the US and Far East. The company already operates Airbuses on charter routes from Luton and Gatwick to Mediterranean holiday destinations.

Airbus is the first European manufacturer to sell 500 aircraft in the same model range. The first Airbus aircraft, an A300, was delivered in May 1974. At present, the company has 633 firm orders for A300 and A310 jets from 73 customers. It hopes to win about 48 per cent of the market for new wide-body, twin-jets between 1988 and 2006.

Airbus is a consortium made up of Aerospatiale of France, Deutsche Airbus, part of the German corporations, MBB and VFW, British Aerospace and Casa, the Spanish aerospace manufacturer.

It pioneered the concept of a twin-jet, wide-body in the 1970s, as well as the idea of two-person cockpit crews. The aircraft uses advanced carbon fibre material technologies, and is designed with a centre of gravity management system to provide fuel economy. Airbus claims these advances have helped it develop the largest selection of medium to long range widebody aircraft in the world.

Volvo profits fall almost 50%

By Robert Taylor in Stockholm

VOLVO has suffered a fall of nearly 50 per cent in first-quarter profits for 1990.

Scandinavia's biggest private sector company blamed the setback on a decline in car and truck sales and depressed margins caused in part by rapidly rising production costs and unfavourable exchange rates.

Income, after financial items, dropped 47 per cent from SKr1.99bn to SKr1.05bn ($175m) in the three months, while group sales slipped by 3 per cent to SKr21.67bn. Volvo's operating income fell particularly heavily to SKr625m from SKr1.5bn in the 1989 *first quarter*.

Mr Christer Zetterberg, group president, attributed the decline in performance to stiffening competition in the car and truck sectors in several important markets including the US, Britain and Sweden. "Normally the sales cycles in these fields have been in different phases," he said, but now the "general downturn is occurring simultaneously."

Car and truck sales fell 4 per cent – cars dropped from SKr11.07bn to SKr10.58bn while trucks slid from SKr5.94bn to SKr5.67bn. Aerospace sales decreased 17 per cent to SKr371m.

In contrast, the bus division improved turnover by 6 per cent to SKr893m while sales on the marine and industrial engines side increased to SKr703m from SKr665m.

Mr Zetterberg said that heavy capital spending helped to explain the lower earnings but he pinned most of the blame for the poor performance on what he called the "excessively rapid cost developments in Sweden."

This helps to explain the determination of Volvo to expand production facilities outside Sweden. Earlier this week, the company announced talks with the Dutch Government on buying all or part of the Government's stake in their jointly-owned company Volvo Car BV.

The Volvo president said there were further planned cuts in manpower on top of the 600 or so jobs that had gone in the first quarter and measures were underway to adjust the level of group costs, and improve productivity. He added that Volvo was still profitable in all its operating sectors.

"Despite the downturn in earnings, I believe that we are well equipped for the future," he declared. "We have substantial financial strength that enables us to resist unfavourable developments."

Big Japanese brokers weather market storm

By Stefan Wagstyl in Tokyo

THE Big Four Japanese stockbrokers weathered this year's storm in the Tokyo stock market with little or no decline in annual pre-tax profits, according to figures published yesterday.

Their results were boosted by an extraordinary surge in gains from equity warrant trading in the first nine months of the year to the end of March. This almost offset the battering the brokers suffered in the last quarter.

Nomura Securities, the largest company, fared somewhat worse than its three big competitors as it tried to adjust to the sharp fall in Japanese equity prices and in trading volumes. Nomura showed a 1 per cent decline in pre-tax profits, compared with gains of 0.3 per cent, 1.6 per cent and 7.9 per cent respectively for Daiwa, Nikko and Yamaichi.

The Big Four performed much better than second-tier Japanese brokers, most of which yesterday reported declines in profits for the year. The four did not comment on their prospects. But analysts said profits could fall substantially in the current year despite the Japanese stock market's modest recovery.

The brokers will be hit by a continuing dearth of equity-related underwriting business, a cut in broking commission rates due next month, and moves to cut trading margins in the warrants market.

Nomura's total pre-tax profit was Y438.9bn ($3.22bn), far more than second-placed Daiwa, which posted Y313.1bn. Nikko made Y260.4bn and Yamaichi Y233.7bn. The comparisons are made by annualising figures for the previous six months, as the brokers are changing their year-ends.

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B&C 'to sell' Exco money broker

By David Owen

BRITISH & Commonwealth Holdings, the stricken financial services group, has decided to sell its Exco International money broking subsidiary, according to representatives of one potential bidder. And a London-based banker says that interested parties have been told that the sale of Exco "could be discussed."

The sale, part of B&C's planned £750m disposal programme, would destroy the hopes of Mr John Gunn, B&C's chief executive, of resurrecting the group around Exco.

Following a press conference last month, Mr Gunn said that he "hoped" Exco was not for sale.

If Exco is sold, however, it is likely that little will remain of B&C, once the UK's second-largest non-bank financial institution, even if it staves off liquidation and wins creditor consent for its survival package.

Analysts have estimated the value of Exco at about £325m. Some form of management buy-out is believed to be one option under consideration.

However, there is likely to be no shortage of prospective purchasers.

Exco, often described as the world's largest money broker, is certainly one of four dominant players on international markets.

Money brokers act as intermediaries between banks and dealers in markets for deposits, foreign exchange securities and derivative instruments.

B&C would yesterday say only that details of its disposal plan would not be divulged until the full survival package is revealed. It is thought, however, that B&C is hoping to complete the Exco sale by the end of the first quarter of 1991.

Analysts have warned that speed is important in any sale, since staff and customers have little loyalty once a moneybroking firm's future is uncertain.

Any change of ownership will require Bank of England approval. "The Bank has to be satisfied with what is proposed" according to a Bank spokesman.

In 1988, B&C's moneybroking activities contributed £37.8m to the group's operating profits of £189.5m, on turnover of £189.4m.

B&C's remaining businesses include the Oppenheimer fund management operation and Hamptons, the residential estate agency.

It recently announced that its merchant banking operations, comprising B&C Merchant Bank and Provincial Bank, are to be sold.

Electrolux earnings drop 41% in first quarter to SKr511m

By John Burton in Stockholm

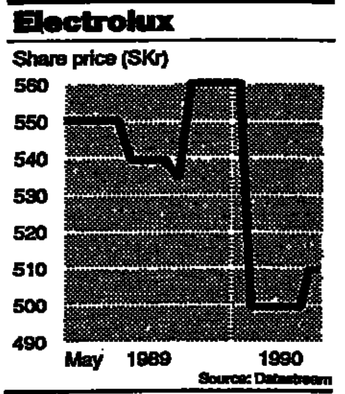
ELECTROLUX, the world's leading white goods maker, yesterday reported negligible sales growth and a big drop in profits for the first quarter of 1990.

After financial items, the Swedish group's profits fell by 41 per cent to SKr511m ($85m) when compared with the corresponding period of 1989. Sales improved by 2 per cent to SKr21.3bn.

Electrolux blamed the earnings setback, with operating income declining by 31 per cent to SKr908m, on a continued deterioration in demand for white goods and industrial products from the second half of 1989. It did not disclose operating profits by business areas.

Sales for household appliances rose by 8 per cent to SKr10.9bn, but fierce competition in the US – where sales were weak – forced Electrolux to cut its US profit margins. The white goods market in the UK has been affected by high interest rates.

Climbing production costs in Sweden and Italy, as well as the strength of their currencies, have harmed exports from these countries, where Electrolux has its main European white goods plants.



Granges, the aluminium subsidiary, also suffered a drop in earnings following higher prices for the raw material aluminium oxide and lower prices for metals. Sales in the industrial goods division, which includes Granges, dropped by 6 per cent to SKr4.2bn.

This reflected the cancellation of compressor deliveries to China and lower demand from the white goods and automatic machinery sectors.

Electrolux said it planned to adopt a "cautious policy for acquisitions and major investments" following the aggressive expansion carried out in the mid-1980s which caused restructuring costs to swell.

It plans, however, to acquire an initial minority shareholding in Lehol, a Hungarian supplier of refrigerators and freezers to Electrolux since 1978. Electrolux will take majority control once it receives approval from the Hungarian Government.

Over the past decade Electrolux has made some 100 acquisitions on both sides of the Atlantic in anticipation of the single market in 1992. Recent purchases include the household appliances and commercial laundry and food service operations of the West German Buderus Group.

The group also formed an alliance with Sharp of Japan last year to distribute Electrolux products to more than 5,000 Japanese outlets.

Nobel Industries buys Stora Kemi

By Robert Taylor in Stockholm

NOBEL Industries, the Swedish armaments and chemicals group, is to pay SKr1.93bn ($320m) for Stora Kemi, the process chemicals division of Stora, Europe's largest pulp and paper company.

As a result of the deal Stora Kemi will be absorbed into Nobel's Eka pulp and paper chemicals business.

The purchase will lift Nobel's turnover in pulp and paper chemicals production from Skr2.7bn to SKr4bn, and boost the sector's share of the group's total business to around 15 per cent. Nobel's expansion in this area has been especially aggressive. Six years ago Nobel's turnover in pulp and paper chemicals was SKr350m.

Stora Chemi produces sodium chlorate, mainly for the bleaching of pulp. It had a turnover of SKr1.3bn last year with plants in Sweden, Canada, Brazil, Norway and Chile. Nobel is already the world's largest manufacturer of chlorate.

"This new purchase strengthens our position and provides us with the possibilities for further growth," said Nobel's chief executive Mr Anders Carlberg yesterday. He hoped the purchase of Stora Kemi would have some synergy effects on Nobel's chemical activities.

But first and foremost, he said, it would strengthen the company in the production of environmentally friendly products, most notably in the development of a new bleaching process for the pulp and paper industry.

From Stora's viewpoint the sale of its chemicals business makes business sense. It underlines the company's commitment to its core activities in paper and pulp production.

INTERNATIONAL COMPANIES AND FINANCE

Coloroll in refinancing discussions

By Alice Rawsthorn in London

COLOROLL, the embattled UK home products company, yesterday saw its shares fall by 3½p to 8½p on the London Stock Exchange after an announcement that Candover Investments, the venture capital group, was trying to put together a refinancing package to save Coloroll from receivership.

Coloroll would become a private company and receive an injection of capital to reduce its debts and meet its contingent liabilities. Coloroll's existing shareholders would be offered shares in the new company. Their holding would probably be diluted to minority status and its value reduced to less than Coloroll's current capitalisation.

The terms of the deal – including how much money would be injected and the allocation of equity – have yet to be finalised. Coloroll would need between £150m ($248m) and £200m to wipe out its debts and liabilities.

The offer is also subject to a due diligence review of the Coloroll companies by Candover, which is advised by Lazard Brothers.

Candover's discussions with Coloroll and S.G. Warburg, Coloroll's merchant bank, will include the future role of Coloroll's senior management. Mr John Ashcroft, the architect of its expansion in the late 1980s, resigned as chairman in March. Mr Eric Kilby and Mr Philip Green, finance director and chief executive respectively, have remained with the company.

Coloroll has been trying to find a new source of capital since January. The company, which employs 8,500 people, has suffered severely from the slowdown in consumer spending and the collapse of the housing market. It has also been burdened by debt built by acquisitions.

Candover, has secured the support of three of the company's biggest institutional investors – Legal & General Ventures, CIN Venture Managers and Scottish Amicable Investment Managers - which have agreed to participate in its refinancing.

Bad weather puts Royal Insurance into red

By Patrick Cockburn in London

ROYAL INSURANCE, the UK composite, made a pre-tax loss of £79m ($130m) in the first quarter compared to a £45m profit over the same period last year because of losses due to bad weather worldwide of £120m.

As one of the UK's leading household insurers, Royal was severely affected by the storms and floods in January and February. Mr Ian Rushton, chief executive, said the company had so far received 390,000 claims costing an estimated £240m before reinsurance.

Despite these losses Royal's shares were up 28p to 461p in a rising market, largely because the storm losses were no worse than expected. The company also denied at yesterday's analysts' meeting that there would be no rights issue this year.

Mr Rushton downplayed the fall in Royal's solvency margin to 44 per cent, saying that it was "more than adequate to finance our business." Royal stressed that the solvency had been depressed by the purchase of assets abroad.

The company's US business, considered Royal's most vulnerable point, produced a loss of £20m in the first quarter against £14m the year before. The company says it will benefit later this year from stronger reserving, the elimination of unprofitable business and an overall improvement in US property/casualty rates.

Mr Rushton emphasised that, aside from storm losses, the UK market was increasingly competitive. The increases in motor premiums are not keeping pace with the cost of claims.

However, Royal was uncertain about the impact of weather losses on the rates for household insurance, where the company is a market leader.

Speaking of rates for buildings insurance, Mr Peter Duerden, managing director of Royal Insurance (UK), said: "The January and February storms in themselves do not worry us. But if the weather pattern itself is changing we must take account of it."

Nobel to pay SKr1.9bn for Stora's chemicals business

By Robert Taylor in Stockholm

NOBEL Industries, the Swedish armaments and chemicals group, is to pay SKr1.98bn ($322m) for Stora Kemi, the process chemicals division of Stora, Europe's largest pulp and paper company.

Stora Kemi will be absorbed into Nobel's Eka pulp and paper chemicals business.

The purchase will lift Nobel's turnover in pulp and paper chemicals production from SKr2.7bn to SKr4bn, and boost its share of the group's activities to about 15 per cent.

Six years ago Nobel's turnover in pulp and paper chemicals was SKr350m, and expansion in this area has been active. "This new purchase strengthens our position and provides us with the possibilities for further growth," said Mr Anders Carlberg, chief executive, yesterday.

Mr Carlberg said that he hoped the purchase would benefit Nobel's chemical activities, but that first and foremost it would strengthen the company in the production of environmentally friendly products, most notably in the development of a new bleaching process for the pulp and paper industry.

Stora Kemi produces chlorate – Nobel is the world's largest manufacturer of sodium chlorate – mainly for the bleaching of pulp. It had a turnover of SKr1.3bn last year from plants in Sweden, Canada, Brazil, Norway and Chile.

For Stora, the sale of its chemicals business underlines the company's commitment to the development of its core activities in paper and pulp production.

Astra rises due to ulcer drug sales

By John Burton

ASTRA, the Swedish pharmaceutical company, reported that profits before appropriations and taxes rose by 25 per cent to SKr522m ($87m) during the first quarter of 1990, matching market expectations.

Sales increased by 21 per cent to SKr2.1bn. Astra said it stood by its earlier forecast that both profits and sales would increase by 20 per cent this year.

The company said this would be primarily due to increased sales of its new ulcer drug Losec, which is challenging Glaxo's Zantac for market dominance.

Losec sales surged to SKr284m from SKr39m during the quarter.

Although Glaxo has targeted Losec for allegations concerning its safety, Astra said the drug had captured market shares of between 10 per cent and 18 per cent in France, West Germany and Spain since being introduced during the fourth quarter of 1989.

Sales of respiratory drugs, which amounted to SKr509m, slightly exceeded the SKr507m in sales for cardiovascular drugs, normally the company's biggest product group.

This was mainly due to a 49 per cent increase in sales to SKr168m for the anti-asthma agent Pulmicort.

Lufthansa plans cuts after loss

By Katharine Campbell in Frankfurt

CURRENCY exposure, high fuel prices and mounting personnel costs caused unexpectedly high losses at Lufthansa during the first three months of 1990, the German airline reported yesterday.

The loss has forced Lufthansa to adopt a DM200m ($121m) package of measures aimed at cutting expenditure and boosting revenue to bring the airline back to budget targets by the end of the year.

Unlike some European competitors, Lufthansa reported increased operating profits during 1989, up 8 per cent to DM260m at group level, on a turnover that increased to 10 per cent to DM13.1bn.

The airline hopes that measures such as a hiring freeze and tariff increases will return the company at least to last year's profitability level. The recent demise of German Wings, the business airline that had tried since last April to break Lufthansa's hold on the domestic market, will also help load factors.

Increasing capital demands will be met by leasing regular line aircraft. Lufthansa already leases charter and freight aircraft.

Mr Heinz Ruhnau, chief executive, said of German Wings: "Founding a firm on the basis of illusions is irresponsible." He said that too few aircraft, not poor slot allocations, was a major contributor to the company's failure.

Atlas Copco profits rise 18%

By Robert Taylor

ATLAS COPCO, the Swedish mining, construction and industrial equipment manufacturer, yesterday reported an 18 per cent improvement in profits (after financial items) for the first quarter of 1990 with an increase to SKr393m ($66m).

The company said sales had risen by 13 per cent to SKr3.93bn. Earnings per share increased by 42 per cent to SKr29.50 from SKr20.80.

Atlas said profit margins would remain at 1989 levels for this year, and that they were set to rise in all three business areas: compressors, construction and mining equipment and industrial products.

The company enjoyed particularly strong sales growth in the European Community, which now accounts for 37 per cent of turnover. It said the favourable business climate continued in North America, with slightly reduced orders only in the automotive sector.

Atlas achieved 14 per cent growth in orders for compressors to SKr1.81bn, mainly due to demand for industrial compressors and to Atlas Copco Iwata KK of Japan which started production in January.

Sogeti buys majority stake in software consultancy

By Alan Cane

SOGETI, controlling partner in the Paris-based computing services group Cap-Sogeti-Gemini (CGS), Europe's largest independent software and services organisation, has taken a majority interest in United Research, a management consultancy with headquarters in London and Morristown, New Jersey.

The deal is being described as an alliance, but CGS, which has expanded rapidly in the US and Europe through an aggressive acquisition strategy, is effectively taking over the consulting group. United Research will retain its name. Cost of the deal is not disclosed.

Mr David Teiger, United Research chairman and chief executive officer, will take responsibility for leading Sogeti's general consulting services worldwide.

United Research was founded in 1960 and has some 500 consultants. Its 1990 revenues are expected to be more than $130m. It is growing at 35 per cent a year, says Mr Peter Bielby, UK managing director.

Mr Bielby says United Research specialises in working with companies with a clear view of their objectives but need outside assistance to help them achieve these goals.

CGS expects sales of about $1.5bn this year. Originally it was a conventional software house, selling the skills of its programming specialists, but with the recent acquisition of its French competitor Sesa it has moved towards systems integration.

BBL up on fee-earning activities

By Tim Dickson in Brussels

BANQUE Bruxelles Lambert, one of Belgium's big three commercial banks, yesterday announced an increase of 6 per cent to BFr5.4bn ($159m) in pre-tax profits for the half-year to the end of March.

It explained that the increase owed much to the near 10 per cent improvement in revenues from fee-earning activities such as arbitrage operations, share and bond placings and investment management.

Revenues from interest were 4.5 per cent better, with a reduction in margins compensated for by volume growth.

The favourable economic climate had helped the bank expand credits to the private sector by 12.3 per cent to BFr805bn.

However, credits to the public sector were little changed at BFr320bn.

The balance sheet total at BFr1,721bn also remained at a similar level to that in March 1989.

This came as a result of the fall in the value of the dollar, among other things.

BBL pointed out yesterday that this month it would be opening its 100th entirely automatic "Self Bank."

Omni offers shares instead of dividend

By William Dullforce in Geneva

OMNI Holding, the parent company of the group controlled by Mr Werner Rey, the Swiss financier, is offering shareholders a cash or share option instead of a dividend after posting an 11 per cent increase in 1989 net profit to SFr33.5m ($23.9m).

Net consolidated earnings by the Omni Group reached SFr102.9m, up from SFr81.1m.

Omni proposes to combine a capital increase of SFr12m through the issue of 24,000 new bearer shares with a cash or share option for shareholders. The issue would raise Omni's equity capital from SFr655m to SFr667m.

Shareholders will receive a coupon with a cash value of SFr25 for each bearer share. For 28 coupons, the holder will be entitled to buy one new bearer share at its nominal value of SFr500. The coupons will be tradeable during the term of the option expected to be nine months.

Zurich Insurance business grows

ZURICH INSURANCE, Switzerland's biggest insurance group, increased gross premium volume by 28 per cent to SFr17.1bn ($12.2bn) in 1989 and has posted a 9 per cent increase in net earnings to SFr357m, writes William Dullforce in Geneva.

The parent company is to pay an unchanged dividend of SFr62 per voting share and SFr31 per participation certificate.

Premium growth was boosted by the acquisition last year of Maryland Casualty of the US. More than 75 per cent of group premium income is generated abroad, with about one third from the US.

Profit increases were recorded in both life and non-life business. Vita, the life insurance subsidiary, reported a 4 per cent increase in premiums to SFr2.79bn and a net profit of SFr15.1m, up by 15 per cent.

Zurich's total invested assets were SFr50.7bn at the year-end against SFr39.9bn a year earlier. Consolidated capital rose from SFr5.9bn to SFr6.5bn.

INTERNATIONAL COMPANIES AND FINANCE

Pirelli performance put to the test

Haig Simonian with the second in a series on the world's tyre makers

THE world's big tyre manufacturers have seen their equity slump as they grapple with chronic overcapacity and cut-throat competition, which has sliced margins, especially in the original equipment market for new car tyres.

Since being floated on the Amsterdam Stock Exchange at Fl 54 a share last June, stock in Pirelli Tyre Holding (PTH), the tyre subsidiary of Italy's tyres and cables concern, has plummetted to Fl 28.

Despite a rise in net profits to Fl 206m ($112m) last year from Fl 191m in 1988, the figures for PTH's first year as an independent company since being spun off reflects the problems it faces.

PTH has suffered particularly heavily. "Our shares were punished to an extent that seems excessive," says Mr Ludovico Grandi, its chairman. "The inherent value of our stock is substantially higher than at present."

Optimism that PTH's equity can bounce back in the short term is probably misplaced, given flat earnings prospects and problems in the US and Brazil. Mr Grandi admits this year's earnings are likely to be little better than in line with 1989, "plus or minus 5 per cent."

Nevertheless, PTH, which is the world's fifth biggest tyre producer, seems better placed than some counterparts to survive the difficult circumstances.

Although Mr Grandi admits that last year's results were below expectations, PTH stresses that its performance was appreciably better than most competitors.

Once again, the group's predominance at the premium end of the market – notably the fat, low profile steel-braced radials for higher performance cars – protected it from some of the worst competition.

Ludovico Grandi: "Our shares were punished"

As a result, the company, which lifted turnover by 12.6 per cent to Fl 6.67bn last year, is forecasting an increase of over 5 per cent in tyre sales this year, against the 1 per cent expected for the market as a whole.

Sales are up 6 per cent by value and around 7-8 per cent by volume in the first three months of this year.

However, PTH still faces an uphill task bringing profits to the level it would like. It is committed to distributing 40-50 per cent of earnings as dividend in line with the commitment made on flotation. Therefore borrowing will have to remain high to finance its $1bn four-year investment programme aimed at improving productivity and cutting costs.

Some $50m of the $250m annual investment budget is being allocated to expand and modernise Armstrong Tire, the US tyre manufacturer bought for $198m in May 1988.

Pirelli Armstrong Corporation, the new name for the PTH's US activities, has shifted into profit after trading in the red in 1988, says Mr Grandi. Moreover, the group has moved "a good step towards improving margins towards the normal Pirelli level." Armstrong already ranks second after Goodyear in agricultural tyres, with over 20 per cent of the market. PTH, however, hopes its new investment will help lift Armstrong's US-made car tyres to the up-market niche the parent company occupies in Europe. The P500 tyre, specially designed for the US, is already "proving very successful," says Mr Grandi.

Such an investment programme, however, doesn't come cheaply. Interest costs jumped to Fl 113m from Fl 55m in 1988, in spite of the Fl 569m proceeds of the PTH float, which helped to reduce loans by Fl 329m. Net debt will fall this year, but financial charges costs will remain high due to higher interest rates.

Funds are also being channelled into additional working capital. Mr Giuseppe Ferrari, finance director, denies the continued rise in working capital reflects inefficient production or lax financial control.

With raw material prices broadly stable last year, last year's 10 per cent rise in total operating costs largely reflected increased volume. Higher labour costs were mainly absorbed by growing sales figures, he says.

Although working capital is going up at a slower rate than production, Mr Ferrari says the group will still need more cash in the system to match the higher production levels forecast this year.

Meanwhile, the focus is on new products to protect PTH's position. Unlike Continental, its slightly bigger West German rival, PTH has kept to one side in the heated debate on run-flat tyres.

Mr Grandi said one of their products was a normal tyre with some run-flat qualities.

The product has been tested with German car manufacturers. "But the initiative will have to come from them," he says. A car equipped with run-flat tyres needs a warning device to tell the driver a tyre is flat – something that is not necessarily noticeable at speed." The snag is that the basic price of such a device is between $100 and $150 – and it could cost the motorist three as much.

WORLD TYRE INDUSTRY

PTH is aiming to grow internationally, particularly in eastern Europe, where it has an accord with the Soviet authorities for a 30 per cent stake in a new plant capable of producing 5m tyres a year. It is also in talks with Taurus, the Hungarian tyre group.

"It is one of the companies with which we are discussing possible joint activities," says Mr Grandi, who also points to prospects in Poland and Czecoslovakia.

Further acquisitions in the US or western Europe, however, are not on the cards. "We feel that our US operation is the right size now," Mr Grandi says. Although PTH is talking to Vredestein, the Netherlands-based tyre manufacturer in which the Dutch Government has 47 per cent stake, it does not plan a bid.

"However, we are looking to see if there is some possible collaboration," he says.

US stores settle court battle

By Martin Dickson in New York

THE GROWTH in state-level hurdles to takeovers in the US was underscored yesterday when American Stores, the country's biggest supermarkets chain, settled an 18-month anti-trust battle with the state of California by agreeing to dispose of 161 outlets.

The agreement follows a ruling against American Stores last month by the Supreme Court, in a judgment which will have widespread repercussions on the conduct of US takeovers. The court ruled that states or private citizens could take court action to overturn mergers on competition grounds – even if these had been approved by the Federal Trade Commission.

This cleared the way for California to challenge the 1988 $2.5bn takeover of Lucky Stores, the largest supermarket chain in the state, by American Stores, which owned Alpha Beta, the fourth largest.

Although the FTC had approved the deal, California argued it would severely diminish competition. A court order forced American Stores to operate the two chains independently, pending a resolution of the dispute. This had reduced the takeover's profits potential.

American Stores said yesterday it had agreed to a settlement with California to avoid the continued cost of a protracted legal battle. The settlement involves it selling 161 of Alpha Beta's stores in southern California over the next five years, retaining just 15 which will be converted into Lucky outlets.

In northern California, where Alpha Beta had relatively few outlets, approval was given in November for the chains to merge their operations. Under its original deal with the FTC, American Stores agreed to divest just 37 outlets.

The company said it expected to get full value for the stores being sold, which had net earnings of $32.5m last year on sales of $1.8bn. About two thirds of them had recently been updated.

The agreement does not restrict American Stores' growth in the state or require the California Attorney General to approve the buyer, price or terms of the outlets' sale.

The Supreme Court's ruling opens the way for state attorneys general across the US to challenge mergers on anti-trust grounds at a time when state legislatures have been increasingly active in passing legislation making hostile bids more difficult to mount.

Pathé sued over UA film rights

By Alan Friedman in New York

MR GIANCARLO Parretti, the controversial Italian financier whose Pathé Communications has made a $1.2bn tender offer for MGM/UA, the Hollywood studio, yesterday shrugged off as a mere nuisance a lawsuit against Pathé and Time Warner alleging the MGM transaction would violate a series of film production contracts.

The suit has been filed in a federal court in New York City by Mr Alberto Grimaldi, an Italian producer who made several films for the United Artists division of MGM/UA, including The Good, The Bad and The Ugly and Fellini's Satyricon.

Mr Grimaldi's suit alleges the deal, by which Pathé would acquire MGM/UA and then receive from Time Warner $650m in guaranteed bank loans in exchange for the rights to distribute the United Artists film library, would violate licensing and distribution terms of his own contracts with UA.

The suit also alleges the terms of the Time Warner-Pathe-MGM/UA distribution deal would not permit MGM/UA to stay in business because there would be insufficient funds after Time Warner receives cash flow on the repayment of its $650m loan guarantee.

In New York, Time Warner said the media and entertainment giant did not comment on pending litigation.

In Rome, Mr Parretti dismissed the Grimaldi lawsuit as a nuisance, claiming Mr Grimaldi's lawyers did not realise the action could be blocked under Californian laws restricting actions that might interfere with a takeover transaction that is under way.

Mr Ronald Taft, counsel for Mr Grimaldi, replied that the lawsuit "does not violate any California laws."

Meanwhile, Mr Parretti said Pathé yesterday made its third $50m payment of a security deposit on MGM/UA.

The tender offer has been extended twice, but Mr Parretti said he expected the deal to close, as scheduled, on June 7.

Slimmed-down Control Data confronts an uncertain future

By Alan Cane

CONTROL Data Corporation (CDC) used to stand for supercomputers and the most advanced magnetic memory that money could buy. In recent years, it has also come to mean yet another computer company in trouble, feverishly looking for ways to staunch losses which have grown to $1.5bn over five years.

Today, with its supercomputer business abandoned and its finance business and disk-drive operations sold to pay debts, CDC's future is uncertain.

Mr Lawrence Perlman, president and, since last December, chief executive, can still manage a grim smile. "I feel more comfortable today than I have for a long time."

Mr Perlman, 51, has built a reputation for careful housekeeping since joining the company in 1980. Under his direction, overheads have been slashed. The company has only 18,000 employees today, compared with 34,000 at its peak. There are 250 corporate staff, down from 780 two years ago and 3,000 in 1985.

Slashing the ETA supercomputer operation saved at least $100m a year in research and

Lawrence Perlman: "I feel more comfortable today"

development costs. Mr Perlman is unsentimental about its demise. "We spent too much on ETA and concentrated too much attention on it. And our technology was not that advanced."

Now the company is concentrating on its two main business, mainframe computers and technology based data services. Each has sales of about $1bn. Its Arbitron subsidiary is testing a new optical method of detecting the presence of viewers during television shows.

It also includes Automated Wagering, a lottery systems company, which has won a contract from Golden Grid in the UK to operate the new Skillball computer competition.

Mr Perlman says all the businesses traded profitably in 1989, except Micrognosis which builds dealer-room trading systems.

Mr Perlman is frank about where the company went wrong. "We lost our focus on the business and tried to do too many things. We overestimated our capacity to manage diverse businesses. We did not work hard enough at servicing our existing customers." He says he was shocked to discover that some customers had not been visited for years.

The first-quarter results published this month looked encouraging, showing pre-tax profits of $11.1m on sales of $176m, against $10.8m on $473m the previous year.

CDC remains a company of parts. Mr Perlman accepts that his real test is to create a whole which is greater than the sum of those parts.

Navistar plunges by 77%

By Martin Dickson

NAVISTAR International, the largest US truck manufacturer, yesterday reported a 77 per cent drop in second-quarter net income as the uncertain outlook for the US economy continued to cut into sales.

Mr James Cotting, chairman, said the main factor affecting the figures was an industry-wide decline in retail sales.

Navistar, known as International Harvester before it sold its agricultural machinery operations, reported second-quarter net income of $8m, or 1 cent a share, on sales and revenues of $1.02bn, against income of $35m, or 11 cents a share a year ago, on sales of $1.12bn.

For the first half of the year, the company reported a net loss of $10m, or 10 cents a share, on sales and revenues of $1.91bn, against net income of $72m, or 23 cents a share, from sales of $2.15bn in the same period of 1989.

Medium and heavy truck sales across North America dropped 12 per cent, totalling 71,000 units. Navistar's deliveries were down 10 per cent at 22,200.

Campbell Soup advances

By Karen Zagor in New York

CAMPBELL SOUP, the big US maker of canned soups and other processed foods, yesterday reported improved third-quarter profits and sales.

Net income for the three months ended April 29 rose 25 per cent to $54.6m or 42 cents a share, from $43.5m or 34 cents a year earlier. Sales grew to $1.52bn from $1.45bn.

For the first nine months, net earnings advanced 17 per cent to $242.8m or $1.87, from $207.8m or $1.61 a year ago, on sales ahead to $4.77bn from $4.37bn.

The company reported moderate growth from its main US business, with a 10 per cent gain in operating profits to $91.3m.

Operating profits from Campbell's overseas operations leapt 45 per cent to $16.7m.

The company attributed this to bottom-line improvements in Argentina. However, earnings were weak from the frozen food business in the UK and its European biscuit operations.

Westpac and NAB hit by bad debt provisions

By Kevin Brown in Sydney

WESTPAC Banking Corporation and National Australia Bank (NAB) announced sharply different interim results yesterday, but both said profits had been reduced by the impact of provisions for bad and doubtful debts caused by the Australian Government's high interest rate policy.

Westpac said its net profit was down by 8 per cent to A$354m (US$269.2) for the six months to March, in line with analysts' expectations. Bad debt provisions rose from A$226m to A$586m. NAB surprised the market with a bigger than expected rise of 6.1 per cent in net profits to A$440m, but also increased bad debt charges from A$144m to A$247m.

Both banks said the business climate would be difficult in the next six months unless there was an unexpected fall in interest rates. However, Westpac forecast improved second half results. NAB said it expected its first-half performance to be maintained.

The results, together with the tone of comments from directors, helped to push the Australian Stock Exchange All Ordinaries index down 12.2 points to 1,481.6. Westpac shares fell 28 cents to A$4.96, and NAB shares were down 4 cents at A$6.32. Shares in ANZ Bank fell 14 cents to A$4.96. ANZ reports next week.

Westpac said net profits would have fallen by 59 per cent to A$156m but for abnormal profits of A$198m following a return from a surplus on the staff pension fund.

The bank said A$179m of the charge for bad and doubtful debts was attributable to a deterioration of the loan portfolios of its merchant banking subsidiaries, which lost A$132m during the period. Net profits from retail banking activities fell by 35 per cent to A$222m, contributing to a fall of 71 per cent to A$90m in overall profits from banking activities.

Profits from Australian Guarantee Corporation, the country's largest finance company, fell by A$25m to A$49m, partly because of provisions for bad debts and the impact of the depressed property market. However, last year's half year result included A$14m from the sale of an insurance subsidiary.

The only real bright spot was Westpac Financial Services Group, the fund management and life office subsidiary, which increased profits from A$4m to A$16m.

Mr Stuart Fowler, managing director, said the first half had been "one of the most difficult periods in the bank's history." The increase in bad debts reflected the high interest rates of the past year, together with problems caused by declining asset values and falling standards of corporate morality, he said. However, Mr Fowler said there had been some "over-aggressive lending and some slippage in our lending standards." This was being rectified.

NAB, which acquired Yorkshire Bank in the UK earlier this year for A$2.2bn, said net profits from British Isles activities were up by 54.8 per cent to A$124.3m. However, net profits at its Australian trading and savings banks were down by 9.9 per cent to A$262.7m.

Net profits from finance and insurance activities were down 32.5 per cent to A$16.4m, but other income, including merchant banking, property development, and South Pacific and New Zealand activities, improved by 50.8 per cent to A$38.9m.

The bank said the operating environment for the second half would be "demanding" as monetary policy continued to take its toll on the Australian economy and the financial sector.

Mr Nobby Clark, chief executive, said the interim performance was "acceptable, rather than a good result." He predicted an increase in business insolvencies as high interest rates continued to bite, and forecast that there would be no reduction in rates until September "unless some really good numbers start to appear where it would suggest that we really are on top of our economic problems."

Dainippon Ink boosts pre-tax profits by 10%

By Martina Gannon in Tokyo

DAINIPPON INK and Chemicals, a major Japanese producer of printing ink, had a pre-tax profits rise for the eighth consecutive year in the 12-month period to March, up 10 per cent to Y20.2bn($133.4m).

Sales rose 6.6 per cent to Y469.7bn as its three divisions – printing ink, chemicals and synthetic resins – posted steady growth, supported by an increase in domestic demand and continued firmness in the petrochemical product market.

Dainippon Ink plans to finance most of its Y30bn capital spending programme for 1991 through bank loans, increasing its interest payment burden. It plans to provide capital for a pigments company in India and start production of synthetic resin colouring agents in Indonesia. The group aims to increase pre-tax profits by 1.4 per cent next year to Y20.5bn, and targets a net income of Y9.3bn.

● The unrelated Dai Nippon Printing, Japan's largest printing company, lifted its unconsolidated pretax profit 11.6 per cent to Y71.1bn in the year to March, AP-DJ adds.

Net profits for climbed 17.2 per cent to Y34.7bn. Sales were at Y956.8bn, a 5.5 per cent increase. A Y10 total dividend matched the previous year.

The company said sales rose on the strength of continued vigorous domestic economic expansion. It predicted that sales for the current year would rise to Y1,025bn. Pre-tax profits are seen climbing to Y75.0bn while net profits are expected to reach Y38.5bn.

UE proposes a rights issue and stock split

By Lim Siong Hoon in Kuala Lumpur

UNITED Engineers (UE), the Malaysian engineering and construction group, has proposed a stock split and rights issue following a 31 per cent increase in pre-tax profits to M$61m ($22.6m) in its latest year.

The group, which has emerged as one of the local market favourites as its stock prices quadrupled during the past 16 months, plans to undertake a one-for-one split of its 123m shares.

A one-for-two bonus is to follow, and a rights issue priced at M$3 a share.

The scheme will enlarge the number of issued shares to 492m, and will raise M$369m.

The proceeds of the rights issue, the group said, would go to repay M$162m in debts, a M$50m equity subscription in a subsidiary, the redemption of M$50m in preference shares, and for additional working capital.

UE said the move would make its stock more marketable. The price of UE shares has risen to a high of M$15.80 from a M$3.86 low last year.

Sales jumped 78 per cent to M$146m but profit after tax rose by barely 10 per cent to M$46m.

UE is not recommending a final dividend.

This year's results are expected to rise with income coming from newly completed sections of its M$6bn, 850km toll expressway, the group's core business.

Record result for Toray

TORAY INDUSTRIES, Japan's largest producer of synthetic fibres and leather, reported a 6 per cent rise in unconsolidated pre-tax profit to a record Y55.36bn($365.7m) in the year to March, AP-DJ reports from Tokyo.

Net income surged 82 per cent to Y31.4bn, or Y22.65 a share from Y12.59. This stemmed from unusually high extraordinary profits such as sales from capital assets.

Directors recommended a year-end dividend of Y4.5 in addition to the interim dividend of Y3, compared to a Y6 total the previous year.

Turnover dipped 0.7 per cent to Y549.1bn. The company attributed this to a change in accounting policy. It previously included transactions with subcontractors but has now decided to register these as short-term debt.

Sales of fibres and textiles, at Y302.4bn, were down 3.8 per cent. Plastics declined 1.2 per cent to Y160.9bn but smaller sectors rose.

In the current year, Toray sees sales rising to Y580bn, pre-tax profit is put at Y57bn and net income at Y28bn.

JAPAN'S BIG FOUR SECURITIES HOUSES

	Nomura Ybn	Nomura change	Daiwa Ybn	Daiwa change	Nikko Ybn	Nikko change	Yamaichi Ybn	Yamaichi change
REVENUES	986.2	−2.0%	660.1	+4.7%	600.9	+6.5%	573.5	+7.9%
Commissions	692.9	−2.0%	487.9	+1.3%	494.5	+3.6%	467.1	+5.9%
Warrant trading profits	107.4	+37.5%	56.6	+50.9%	22.3	−22.5%	37.6	+75.4%
PRE-TAX PROFITS	488.9	−1.0%	313.1	+0.3%	260.4	+1.6%	233.7	+7.9%

Comparisons are with annualised figures for the six months to March 1989

Warrants trading lifts Nomura

By Stefan Wagstyl and Martina Gannon in Tokyo

JAPAN'S big four securities houses have reaped bumper profits from trading Eurodollar equity warrants, which are issued by Japanese companies and sold mainly to Japanese investors.

In the boom which spanned the first nine months of their latest financial year to March, Nomura gained the most. Over the year it made Y107.4bn ($709.6m) from warrants, or 22 per cent of its total pre-tax profit. Nikko fared worst, recording a 22.5 per cent decline to Y22.3bn. The company said there was no particular reason for this. "Other traders did better."

Nomura suffered a 16 per cent decline in commission income from broking equities, compared with single-digit declines at the other large companies. Rival brokers said this was due mainly to the fact that Nomura in the early part of this year committed itself to selling large-capitalisation shares. When the market plunged, trading volume in these stocks fell particularly heavily.

Nomura said it was too early to comment since it had not had time do analyse its competitors' results.

Other figures show Nomura's continuing strengths – it made a profit from bond trading despite a sharp fall in Japanese bond prices earlier this year, while the other three companies made losses. Its warrant trading profits highlight its ability to dominate new business areas.

Also, yesterday's unconsolidated figures exclude profits from overseas operations, including New York and London, which are much larger for Nomura than for other houses.

Net profits were: Nomura Y218.7bn (up 5 per cent), Daiwa Y146.0bn (up 11.4 per cent), Nikko Y130.1bn (up 16.3 per cent) and Yamaichi Y98.0bn (up 6.5 per cent). The respective annual dividends are Y15, Y14, Y13.50 and Y13.50.

Eight of the country's 10 second-ranking securities houses meanwhile suffered pre-tax profit declines due to increased financing costs and bond trading losses.

Sharp falls on the stock and bond markets contributed to the total combined revaluation losses of securities holdings of Y37.2bn, compared with the Y4.3bn of the previous irregular six-month period to March 1989.

The average decline in revenue from brokerage commissions was 2.9 per cent lower than in the year to September 1988, except for Sanyo Securities which showed a 5.7 per cent increase.

The biggest drop was recorded by New Japan Securities, the largest broker after the big four, which was 8.3 per cent lower than in the full year to September 1988. It had pre-tax profits of Y50bn, compared to the previous six-month total of Y29bn.

The company reported a stock appraisal drop of Y6.5bn and a loss on bond trading of Y4.6bn. Its net profits totalled Y28.4bn, compared to the Y12.9bn of the previous half-year term. Total revenue amounted to Y207.1bn, after Y101.9bn in the previous irregular six month period. Annual dividend per share was Y10.

Nippon Kangyo Kakumaru Securities, affiliated with Dai-Ichi Kangyo Bank had pre-tax profits of Y44.1bn, down 21.5 per cent on the year to September, 1988. Wako Securities recorded pre-tax profits of Y47.7bn, down 6.9 per cent on the same basis, with net income of Y22.9bn, down 5.5 per cent.

The pre-tax profits of Sanyo Securities were 2.6 per cent lower than in the year to September 1988 at Y47bn. The company had net income of Y21.7bn, down 6.8 per cent on the same basis. Its annual dividend per share was Y12.5. Of the second-tier brokerage houses, only Okasan Securities and Kokusai Securities showed pre-tax gains.

INTERNATIONAL CAPITAL MARKETS

W Germany 'may suffer withholding tax legacy'

By Stephen Fidler, Euromarkets Correspondent

WEST Germany may suffer long-term effects from the imposition of withholding tax, despite its abolition last July, according to a study by the International Monetary Fund.

The study on the international capital markets says that the announcement of the 10 per cent withholding tax in October 1987 and its introduction at the beginning of 1989, led many Germans to buy D-Mark Eurobonds and other offshore assets. But abolition of the tax would not completely reverse the effects of imposing it.

"There is a widespread perception that the situation has permanently changed, since investors have now learned to use the offshore markets and the institutions have been established to allow them to do so. Thus it is not expected that the 'capital flight' will now be repatriated."

The report notes within the EC "fears that, as barriers to capital flows are removed, investors' funds will flow from member countries that withhold tax (such as France and Belgium) to countries that do not (such as Britain and Luxembourg)."

A proposal that withholding taxes on interest income should be harmonised within the EC at 15 per cent was abandoned, after resistance from some member countries over concern that it would reduce the attractiveness of financial assets everywhere in the EC. Funds, it was thought, would then seek a tax-free environment outside the EC.

Stamp duties and turnover taxes, the report suggests, in Germany, the Netherlands and Switzerland have discouraged development of money and short-term securities markets in these countries. They have also encouraged the sourcing of large transactions through London. It is estimated, for example, that 30 to 50 per cent of all trading in Dutch state bonds is done in London.

Scope for conducting business offshore is increased by the possibility of assembling synthetic securities, a combination of securities and derivative products that achieve a given combination of risk and expected return in a more tax-efficient way.

It noted the common practice of assembling a synthetic German government bond, by combining the bund futures on the London International Financial Futures Exchange with other securities, thereby avoiding West German taxes.

It also cited the use of tax concessions in France and Singapore to encourage the establishment of futures markets in these countries.

It suggested recent tax reforms in some countries, which have reduced high marginal tax rates for wealthy individuals, have tended to reduce the flow of funds into the Eurobond market, reducing the use of bearer Eurobonds for tax evasion.

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LTOM upgrades system

By Deborah Hargreaves

THE London Traded Options Market (LTOM) unveiled its market display system yesterday in a bid to improve delivery of price and market information to exchange traders.

The new system will display market data less than a second after a trade is keyed in – twice as fast as the current system. The system is also equipped to cope with twice as many options series as are currently quoted, which will allow the exchange to expand.

LTOM is currently involved in discussions with the London International Financial Futures Exchange (Liffe) on merging the two markets. The options exchange is also debating its own future and is looking at changes to its current trading system.

LTOM is understood to be talking about changing its system of floor market-makers into a specialist system, in a move which would save the exchange a considerable amount of money.

Business on LTOM is conducted by competing market-makers in each option and monitored by an exchange employee. The new system would involve a specialist taking on the function of making a market in an option and being responsible for market discipline in that option. The specialist receives payment for handling orders and would have the advantage of seeing the public order book.

Gilts post biggest daily rise this year on ERM hopes

By Stephen Fidler in London and Janet Bush in New York

PRICES OF British government bonds posted their biggest one-day gain this year amid expectations that the UK Government would soon put sterling in the exchange rate mechanism of the European Monetary System.

Prices at the long-end of the market were at one stage almost three percentage points higher, although the rally faded in the afternoon with prices closing up to 2⅜ point higher on the day.

Traders said expectations that Britain would join as a full member of the EMS in early July, to coincide with German monetary unification, forced dealers to cover short positions. The rally was reinforced by the latest UK unemployment report, showing a rise in seasonally-adjusted unemployment for the first time since 1986. As a suggestion of a slowing in the UK economy, this was interpreted positively by the bond market.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	93-14	+37/32	12.76	13.44	13.52
		10.500	5/99	91-16	+71/32	12.07	12.69	12.72
		9.000	10/08	84-04	+70/32	11.02	11.48	11.65
US TREASURY *		8.875	05/00	101-19	+10/32	8.63	8.82	8.77
		8.500	02/20	98-18	+01/32	8.63	8.86	8.73
JAPAN	No 119	4.800	6/99	87.6740	-0.095	7.02	7.28	7.42
	No 2	5.700	3/07	90.8629	+0.354	6.87	7.05	7.20
GERMANY		7.750	02/00	94.6000	+0.600	8.57	8.48	8.68
FRANCE	BTAN	8.000	02/95	96.4385	+0.108	8.95	9.82	10.09
	OAT	8.500	03/00	93.5000	+0.060	9.53	9.43	9.61
CANADA *		9.750	05/00	93.4000	+0.350	10.85	11.06	11.70
NETHERLANDS		7.750	01/00	92.5000	+0.280	8.92	8.82	8.97
AUSTRALIA		12.000	7/99	92.1711	+0.634	13.50	13.52	13.38

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

The market was further underpinned by the strength of sterling, which rose towards in 1990 highs against the D-Mark, again as a result of the EMS expectations.

The rally was so fierce that the Bank of England was at various times rumoured to have sold gilts to calm the market, and also issued an unusual statement to the effect that short-term interest rates would not be altered.

Much of the activity was led by the London International Financial Futures Exchange, where the long gilt contract closed at 83.12, against a peak of 83.29 and Wednesday's close of 81.03. Unusually, the gilt contract was more active than the German government contract on the Liffe – trading volume was about 50 per cent higher.

But the euphoria in the UK was not reflected elsewhere, with a modest rally in the German market petering out by the afternoon. Prospects for today's announcement of a new federal government issue have been weighing on the market. There was some expectation that the 10-year issue would be priced attractively in view of the future demand for funds for German unification. Between DM5bn and DM6bn is expected to yield around 8⅝ per cent.

■ US Treasury bonds moved modestly higher yesterday morning, showing little reaction to a wider than expected US trade deficit in March and the fact that the US Federal Reserve drained liquidity from the banking system, halting talk of an imminent easing move.

At midsession, the Treasury's benchmark long bond was quoted ¼ point higher for a yield of 8.60 per cent.

The trade deficit was $8.45bn in March, up from a revised $6.10bn shortfall in February with imports and exports both jumping. This combination should not have been good for the Treasury market but prices improved slightly nevertheless.

The Fed announced overnight matched sales when Fed funds were trading at 8⅜ per cent, a move which dampened down speculation that the Federal Open Market Committee, which met earlier this week, had decided to ease monetary policy a notch. The Fed funds target still appears to be 8¼ per cent. There was some price erosion after the open market operation but then bonds started moving a little higher again.

The market appears currently to be able to absorb negative news with ease. There was hardly any reaction late on Wednesday to news that next week's two-year and five-year note sales will be larger than expected at $10.8bn and $8.5bn respectively.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria 9⅝ 93	140	101⅛	101½	+0⅛	+0¼	9.08
B.F.C.E. 8⅞ 94	175	†96⅝	97⅛	0	+0⅜	9.28
B.F.C.E. 9¼ 95	150	99⅜	99⅞	+0⅛	+1¼	9.32
Brit. Tel. Fin. 9⅜ 98	250	†98¾	99¼	0	+0⅜	9.53
Canada 9 96	1000	99¼	99⅞	0	+0⅜	9.07
C.C.C.E 9¼ 95	300	99½	100	0	+0½	9.30
Cr.Local France 8⅞ 99	250	†95¼	95⅞	0	+0⅞	9.50
Credit National 7⅞ 92	100	97	97½	+0⅛	+0⅜	8.97
Credit National 9½ 92	160	†100½	101	0	+0½	9.12
Denmark 8¼ 94	150	†95⅝	96⅛	0	+0½	9.45
E.E.C. 7 91	100	97	97½	0	+0½	8.93
E.E.C. 10 93	140	†101¾	102¼	0	+0⅜	9.21
E.I.B. 8½ 99	150	94⅛	94⅝	0	+1⅜	9.40
Eurofima 10⅛ 93	100	†102¼	102⅝	0	+0½	9.12
Elec. De France 9½ 99	200	*†99⅞	99⅞	0	+0⅜	9.51
Euro.Credit Card Tst.9 95	750	97⅝	98⅛	0	+0¼	9.56
Finland 9 96	250	98¼	98⅝	0	+0¾	9.36
Finn.Exp.Cd. 8½ 92	200	98¾	99⅝	0	+0⅜	9.09
Finn. Exp. Cd. 9⅜ 95	200	†99¾	100¼	+0¼	+0⅞	9.35
Ford Motor Credit 8 91	250	†99	99½	0	+0¼	0.09
G.E.C.C. 10½ 91	300	100⅞	101⅜	0	+0⅛	0.09
G.M.A.C. 8¾ 94	500	†96⅝	97⅛	0	+0⅝	9.60
G.M.A.C. 9 96	300	†97⅞	98¼	0	+0¾	9.43
Gen.Mtrs.Corp. 9⅛ 92	200	†99⅛	99⅝	0	+0⅛	9.43
Honda 9⅝ 97	300	99⅛	99½	−0⅛	+0¾	9.76
IBM Credit Corp. 8⅝ 92	400	98¼	99⅛	0	+0¼	9.05
IBM Credit Corp. 8⅞ 91	250	†99½	100	0	+0⅞	8.99
IBM Credit Corp. 9 92	250	99⅝	100⅛	0	+0¼	9.04
IBM Credit Corp. 9½ 92	250	100½	101	+0⅛	+0⅝	8.98
Italy 8½ 94	1500	97	97½	0	+0¾	9.26
Italy 9½ 95	1000	100⅜	100⅞	−0⅛	+0⅝	9.32
Italy 9⅝ 99	1000	†100¾	101¼	−0⅛	+1¼	9.44
Itoh C. W/W 4⅝ 94	1000	99⅛	100⅛	+0⅜	+3⅜	4.72
Japan Dev. Bank 10 96	200	†102⅜	102⅞	−0⅛	+0⅞	9.41
KFW Intl. Fin. 9 94	300	98¾	99¼	0	+0¾	9.26
L.T.C.B.of Japan 8¾ 96	200	95½	96	0	+1	9.67
L.T.C.B.of Japan 9¼ 92	200	†99⅜	99⅞	0	+0½	9.38
New Zealand 9 94	850	98⅛	98⅝	0	+0⅞	9.45
Nippon Tel.&Tel. 8½ 96	200	95¼	95⅝	−0⅛	+0⅞	9.45
Nippon Tel.&Tel. 9⅜ 98	250	99⅛	99½	−0⅛	+1¼	9.49
Norway 8¾ 93	500	†98⅞	99⅜	0	+0⅛	9.09
Oesters Kontbk. 9¼ 94	350	†99⅞	100⅜	0	+0½	9.45
Sumitomo Corp. W/W 4 93	1500	107	108	−0⅛	+2¼	1.52
Sweden 8¾ 96	200	†97¼	97¾	−0⅛	+0⅝	9.31
Toyota Mtr.Corp. W/W 4 93	1500	101½	102½	0	+0⅜	3.30
Victorian Rep 11⅜ 92	150	103⅝	104⅛	−0⅛	+0⅜	9.28
Union Bk. Switz. 9⅛ 02	225	96¼	96¾	0	+1⅜	9.62
World Bank 8⅝ 99	1500	†95¼	95⅝	0	+0¾	8.92
World Bank 9 97	300	†98¼	98¾	0	+0½	9.28
World Bank 9 93	300	99⅝	100⅛	+0⅛	+0½	9.03
World Bank 9¼ 98	300	†98⅝	100⅛	0	+1⅛	9.34
World Bank 9⅝ 99	500	–	–	–	–	–

Average price change... On day 0 on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	†88⅛	88⅝	−0⅛	−0¼	9.16
Austria 6¾ 99	750	†86½	87	+0⅛	−0¼	8.94
Bk.Frgn.Econ.USSR 7 96	750	*†83½	84½	0	+1	10.81
Bank of Tokyo 5¾ 93	100	†91½	92	−0⅜	−0½	9.23
Commerzbank o/s. 5⅜ 93	300	†92	92½	0	+0¼	8.76
Credit Foncier 6¾ 99	500	†86	86½	0	0	9.07
E.I.B. 6¼ 99	600	†83½	84	−0¼	−0⅜	9.01
E.I.B. 6½ 99	300	†85	85½	−0¼	−0⅛	8.99
E.I.B. 6⅜ 96	600	†89	89½	+0⅛	+0¼	9.05
E.I.B. 6⅞ 95	300	†90½	91	+0¼	0	9.07
E.I.B. 8 2000	500	†96½	96¾	0	−0¼	8.51
Euro.Coal& Steel 7⅛ 94	100	†95½	96	+0¼	0	8.89
Eurofima 6¼ 96	100	†86¾	87¼	+0⅛	+0¼	9.12
Elec De France 5¾ 97	300	†83	83½	0	+0½	9.05
Hydro-Quebec 6¾ 99	300	†85	85½	−0¼	−0½	9.25
Japan Dev. Bk. 5⅜ 95	300	*84⅞	85⅝	0	0	9.22
Japan Finance 5¾ 97	100	†82¾	83¼	−0⅛	−0½	9.23
I.A.D.B. 7¼ 99	300	†89	89¼	−0⅛	−0¾	9.05
Ireland 6½ 97	300	†86	86½	−0⅛	0	9.27
Ireland 7¾ 99	500	†89¾	89¼	+0¼	0	9.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 5⅜ 93	80	96½	96¾	0	+0⅞	6.83
Cr.Local France 6¼ 94	300	97½	97¾	0	+0¼	6.51
Denmark 6¼ 95	300	97⅛	97⅜	0	+0¾	6.54
Denmark 7 95	400	100½	100¾	0	+0⅞	6.83
E.I.B. 4⅞ 93	30	95	95¼	0	+0¾	6.84
Norway 5⅜ 93	50	93⅜	93⅝	0	+0⅞	6.73
Sweden 4⅝ 93	50	93⅝	94¼	0	+0⅝	6.91
World Bank 5¼ 98	10	89	89½	+0⅜	+1⅝	6.95
World Bank 7 94	20	100¾	101¼	−0⅛	+0¼	6.70

Average price change... On day +0 on week +0⅜

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	91⅝	92⅛	+0⅛	+1⅛	12.80
Abbey Nat. 11⅜ 93 £	100	94	94⅜	+0⅜	+0⅞	14.31
Aegon 7¼ 92 Fl	100	97⅞	98	0	0	8.10
Alg. Bk. Ned. 5¾ 93 FL	200	91½	92	0	+0⅛	9.18
Austria 7½ 94 ECU	100	90⅞	91⅜	+0⅛	+0¼	10.39
Barclays Aus.13½ 91 A$	100	98⅛	98½	0	0	14.77
Bell Canada 10⅞ 04 C$	200	91¼	91¾	+0¼	+2	12.13
BP Capital 9¾ 93 £	100	89⅝	90⅛	+0¼	+1⅛	14.22
British Airways 10 98 £	100	–	–	–	–	–
Brit. Telecom 9½ 93 £	150	88⅞	89⅝	0	+0½	14.36
Comm.Bk.Aust. 12⅜ 93A$	100	†95	95½	+0¼	−0¼	14.67
Comm.Bk.Aus.13¾ 94 NZ$	60	100⅜	101⅜	−0¼	−0⅛	13.41
Credit Foncier 9 96 Ecu	100	93	93½	+0⅛	0	10.53
CreditFoncier 9⅞ 99Ecu	150	93⅛	93⅝	+0⅛	−0⅛	10.43
Cr.Local Fran.10¼ 95 Ecu	225	98⅞	99⅜	+0¼	+0⅛	10.47
Dent.Bk.Aus. 13⅜ 93 A$	125	98	98½	+0¼	+0⅜	13.95
Deutsche Bk. Fin. 15 94 A$	100	102½	103	+0¼	+0¼	14.03
Elec.De France 9¾ 99C$	150	86⅝	87⅛	+0⅛	+1¼	12.16
E.I.B. 7 96 LFr	100	91⅜	91⅞	0	+2⅛	8.92
E.I.B. 7⅛ 99 FL	150	88⅛	88⅞	0	+0⅜	8.97
E.I.B. 9 99 Ecu	150	91⅜	92	+0⅛	−0⅛	10.48
E.I.B. 10 97 Ecu	800	97⅞	98¼	+0¼	0	10.41
Eurofima 7⅝ 94 Ecu	100	92¼	92⅝	+0½	+0⅜	10.17
Fed. Bus. Dv. Bk. 9¾ 92 C$	75	†94¼	94¾	0	+0½	12.96
Ford Cr.Can.10¼ 93 C$	100	†94¾	95¼	0	+0¼	12.98
Ford Cred.Can.10⅞ 96C$	125	92⅜	92¾	−0¼	+0⅜	12.75
Ford Cred.Fund.10¼ 93£	60	90⅛	90⅝	0	+0¼	14.38
G.M.A.C.Canada 11 3/494C$	100	97⅛	97⅝	+0⅛	+0⅞	12.62
Heineken 7¾ 94 FL	150	95¾	96⅜	0	−0⅛	8.11
Hydro-Quebec 11 99 C$	400	93½	93⅞	+0⅛	+1⅝	12.20
Lloyds Bank 10¼ 98 £	150	–	–	–	–	–
Lloyds Bank 11⅝ 98 £	100	†86½	87	+0¼	+1½	14.09
Nat. Aus. Bk. 14¾ 94A$	100	99¼	99⅞	+0⅛	0	14.86
New Zealand 9½ 93 £	100	88⅞	89⅜	+0⅜	+0⅞	14.26
O.E.K.B. 10¼ 99 C$	150	89½	90¼	0	+1⅜	12.14
Royal Bk.Scot.10⅝ 98 £	125	85⅝	86⅛	+1⅜	+2⅛	13.70
Saskatchewan 10¼ 93 C$	200	93	93⅜	0	+0⅜	12.76
State Bk.NSW. 13⅞ 93A$	100	98	98½	0	+0⅛	14.45
Sweden 7½ 93 Ecu	250	92⅞	93	+0⅛	+0¼	10.07
Sweden 15 94 A$	100	102⅞	103	+0⅜	+0¼	14.02
Toyota Mtr.Cr.10⅞ 94C$	150	92¼	92¾	+0⅛	+1⅛	12.60
Toyota Mtr.Cr.11⅜ 92C$	150	97⅛	97⅝	0	+0⅜	12.91
World Bank 7⅛ 99 FL	300	88	88½	0	−0⅛	9.08
World Bank 9½ 95 Ecu	100	97	97½	+0¼	0	10.24
World Bank 10⅞ 94 £	200	†90⅜	90⅞	+0¼	+1	13.90
World Bank 13¾ 92 A$	100	98⅛	98½	0	−0⅛	14.29
World Bank 14¼ 94 A$	75	98⅞	99⅜	+0⅜	−0¼	14.48
Zentrspk. 13¼ 93 A$	75	†98¼	98¾	0	−0⅛	13.76

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/07	15.33
Bank of Greece 99 US$	*10¼	98.50	98.50	8/09	8¾
Belgium 91 US$	0	100.00	100.10	21/06	8.32
Chelt.& Gloucester 94 £	.063	99.77	99.82	31/05	15¼
Credit Foncier 98 US$	.063	99.61	99.71	20/10	8.44
Dresdner Finance 99 DM	†.031	100.18	100.28	30/07	8.81
EEC 3 92 DM	†0	100.54	100.64	21/08	9
Halifax BS 94 £	.1	100.02	100.06	9/08	15.35
Inwt. in Industry 94 £	0¼	99.94	100.04	17/07	15.37
Leeds Perm. B/S. 94 £	0⅛	100.07	100.12	17/07	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.89	99.94	29/06	15.31
New Zealand 5 97 £	.07	99.95	100.05	22/05	15.06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Delayed World Bank issue benefits from firmer tone

By Deborah Hargreaves

THE World Bank tapped the Euromarket yesterday with a much-debated issue of Ecu bonds which benefited from a firmer tone in the West German and French fixed income markets. The issue was widely rumoured to appear in the market on Wednesday, but was delayed amid volatility on the government bond markets and in anticipation of a more favourable swap rate.

The issue of Ecu125m bonds carried a 10⅜ per cent coupon and found strong demand in a market which still had a taste for 5-year Ecu paper after British Telecom's Ecu100m on Wednesday. The World Bank had been in a debate on Wednesday about whether to reopen an existing issue in the market or launch a new set of bonds.

In the end a good swap opportunity presented itself late yesterday and the deal was swapped into floating-rate D-Marks, although it was a smaller issue than first mooted. The bonds were held in syndicate for just 40 minutes, after which they were trading well inside their fees at less 1.55 bid and 1.50 offered.

The issue of Ecu bonds for British Telecom saw strong trading volume yesterday and closed at a yield of 10.28 per cent excluding its full fees. Against this issue, the World Bank was offering some yield pick-up when it was launched at a yield of 10.43 per cent excluding its fees.

A recent opening-up of the Eurodollar market continued yesterday when a German institution brought an issue of $300m bonds as part of a fixed-price reoffering which received a warm welcome.

INTERNATIONAL BONDS

The Kreditanstalt für Wiederaufbau International Finance brought an unswapped deal to the market which paid a coupon of 9¼ per cent, offering a yield pick-up at issue of 50 basis points over the relevant 5-year Treasury bond. The issue was trading at a level of 99.66 to 99.68 late yesterday.

A £150m floating rate note for Nationwide Anglia building society was issued at what syndicate managers considered a realistic price – paying 3-month Libor plus 10 basis points.

The building society had been keen to have a deal well received by the market after an issue of bonds flopped earlier in the year after being brought to the market on extremely tight pricing of 3-month Libor plus $\frac{1}{16}$. The deal met with strong UK-based *demand and* was trading on a bid of 99.80.

The euphoria died out of the Swiss market yesterday, but there remained steady retail demand for new issues. A SFr150m issue for the Council of Europe met with steady interest at a level of less 2 although the borrower is not a hugely popular name among Swiss investors.

The Eurosterling issue for Finnish Export Credit which was aimed closely at retail customers as its 16 per cent coupon indicates, exploited a pocket of short-term demand. The deal which offered a far less attractive real yield of around 14.66 per cent than an initial glance would indicate, was also believed to have found a good arbitrage opportunity between the short sterling futures contract and the cash market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
KfW Int. Finance(b)♦	300	9¼	99⅝	1995	25bp	Deutsche Bank Cap. Mkts
STERLING						
Finnish Export Credit(d)♦	200	16	101⅞	1991	⅞/½	Merrill Lynch
Nationwide Anglia B.S.(c)‡♦	150	10bp	100	1995	14/10bp	Baring Brothers
ECUs						
World Bank♦	125	10⅜	101.55	1995	1¼/1⅛	CCF
SWISS FRANCS						
Council of Europe(a)♦	150	7¼	101	2000	n/a	Banca del Gottardo

‡Floating rate notes. ♦Final terms. a) Call June 1998 at 101 and in 1999 at 100½. b) Fixed re-offer price. c) Coupon pays 10bp over 3-month Libor. Non-callable. d) Non-callable.

Eurobond houses aim for a few dollars more

Andrew Freeman on methods of adapting to the end of easy money in Euromarkets

In the days of easy money, Eurobond houses were not bothered about a few dollars more. As they made good profits on their trading desks, they were unconcerned by potential losses in less glamorous areas.

Now that has changed. The flow of profits from the front office has become a sporadic trickle and securities houses have focused their attention on *maximising the efficiency of* their back offices.

One area where considerable effort has been expended is in the management of funding positions within the two leading international clearing houses, Euroclear and Cedel.

The largest securities houses have sophisticated operational systems linking trading desks with settlement procedures so minimum capital resources are needed to fund their activities.

The clearers have noticed the change. Mr Thomas Ketchum, senior manager at Euroclear, says: "The level of sophistication and the awareness of risk among our users has increased tremendously over the last few years." Users have realised even if they are making money in the front office, they might be losing a lot in the back office.

Mr Joe Willing, head of operations for J.P. Morgan in London, says: "There are clear benefits in a pro-active approach to funding procedures." Morgan, which is constantly monitoring its securities and cash inventories and the associated capital cost, uses financial incentives for operations staff, treating them along the same lines as traders.

In addition, it uses a system to allocate the precise cost of funding to traders in the front office. Individual dealer's interest exposure and costs are measured daily and they benefit if their trading positions do not cause funding problems.

These measures are on top of the basic procedures adopted by most users of the two clearers. As Mr Peter Goodey of Hambros Bank says: "We are *all working to avoid long positions.*" In other words, no one wants to have a positive credit balance within Euroclear or Cedel.

The reason is simple. The clearers' interest rates on credit balances are well below the rates available on the money markets. A securities house which has borrowed money at market rates to fund a trading position will lose substantial amounts if it then lends that money to one of the clearers at a lower rate of interest.

By contrast, overdraft charges, although expensive, are not so far from market rates and houses prefer to use their credit facilities. Cedel's overdraft system is more attractive because it works on monthly rather than daily interest rates.

The clearers make a considerable proportion of their profits on clients' funding balances and have been forced to respond to client demands for more flexible and competitive products.

They both, however, attract widespread criticism from market-makers and trading houses for the spreads they pay on balances. One operations manager describes the rates as "appalling".

A good illustration of the way the big houses try to avoid funding costs is the recent *growth of an unofficial* repurchase business between users.

Clearers make considerable profits on clients' funding balances and have responded to demands for more competitive products. They attract criticism for the spreads they pay on balances. One operations manager describes the rates as "appalling."

By selling their balances or overdrafts to each other for repurchase, houses can split the spreads between lending and borrowing funds.

For historical reasons, most of the big trading houses book all or the bulk of their business through Euroclear which processes settlement overnight. Its system is designed to allow efficient cash management, but users have to do much of the legwork themselves.

Avoiding credit balances involves bringing back-office staff to work well before the start of the trading day to evaluate the reports generated overnight by Euroclear.

Funding positions have to be recalculated to adjust for any delivery delays to reach a true current position. Having analysed the reports, operations staff then advise Euroclear on payments or movements before the 9.00 am cut-off.

But the main hurdle to be negotiated is the different classes of currency within the system.

So-called class A currencies (the US and Canadian dollar, Ecu and Belgian franc, with sterling from July) allow same-day pre-advice and payment – they can be squared off daily, so controlling balances is relatively straightforward. "We run almost no overdraft in these currencies," says Mr Willing.

By contrast, class B (currently the French franc and sterling) and C currencies (which include the Australian and New Zealand dollar, D-Mark and yen) do not allow same-day dealing and houses have to plot their likely exposure or requirements forward.

This is much riskier because of the danger that trades will fail to settle, throwing off calculations and resulting in unexpected balances. For houses with large retail business – which is mainly in Class C currencies – this is an annoying restriction.

Cash management for Cedel users is more difficult, partly because it currently processes its settlements during the day. The reporting difficulties caused by the electronic bridge link with Euroclear, involving back-valuations and compensation for some lost interest payments.

On new issues in particular, securities houses go to some lengths to avoid problems caused by the bridge, splitting their allotments of bonds between the two systems and trying to match trades without crossing the bridge.

However, many Cedel clients are custodian banks and investment funds for which funding questions are less urgent than their trading counterparts in *Euroclear*. *Cedel* does have some advantages. For example, it pays interest on credit balances in all markets, whereas some balances in Euroclear earn no interest.

Both clearers are under pressure from users to make their cash management more efficient and allow clients greater flexibility. Customers complain that their requests for credit lines to enable them to run overdrafts and avoid positive balances are often the subject of bitter arguments over collateral. They also say they want more competitive rates on stock lending and borrowing programmes, an increasingly important area of extra revenue.

The clearers are responding, but inevitably their progress is slower than customers would like. System changes recently announced by Euroclear would reduce the overall need for credit within the system by ironing out inefficiencies which mean that securities houses tend to overborrow from the clearing house. Cedel is planning to move its processing to an overnight timetable, enabling it to compete directly with Euroclear in providing morning cash management reports.

DB bases M&A operation in London

DEUTSCHE Bank, West Germany's largest financial institution, yesterday announced it was placing its domestic mergers and acquisitions activities into a new entity to be run from London, writes Katharine Campbell in Frankfurt. The widely expected move is part of a restructuring following the acquisition of Morgan Grenfell, the UK merchant bank, at the end of last year.

DB Morgan Grenfell, the new entity in Frankfurt, will thus be in charge of Deutsche's M&A business worldwide, with a presence in the difficult German market, where the UK bank had hitherto done little.

It will build on the strengths of Deutsche's existing M&A subsidiary, and be integrated into an international business following the "successful Anglo-American principles." It will be headed by Mr Rolf Betz, previously a deputy director in Deutsche's new issue department. He will in turn report to Mr John Mclaren, a Morgan Grenfell director, who will assume responsibility for M&A in Germany from London.

Mr Bodo Fuchs, who developed DB Mergers & Acquisitions from scratch into Germany's leading M&A vehicle with a staff of 16 and fee income of DM22m last year, is leaving the bank in June.

Eastern Europe bank borrowings rise significantly

By Stephen Fidler, Euromarkets Correspondent

EASTERN Europe's borrowings from international banks rose significantly in the fourth quarter of last year, according to statistics published today from the Bank for International Settlements (BIS), the Basle-based central banks' bank.

The statistics, covering banks in the Group of 10 countries and other important European and offshore centres, show bank assets in eastern Europe rising to $97.61bn at the end of last year from $91.83bn at the end of September.

The figure stood at $87.02bn at the end of 1988.

The figures show a continued increase in Soviet borrowings, which ended the year at $44.39bn, compared with $36.82bn at the end of 1988.

Borrowing by East Germany increased significantly in the fourth quarter, rising by an exchange-rate adjusted $806m to $17.08bn at end-1989.

Adjusted for the effects of changes in the value of the dollar, the fourth-quarter rise in borrowings was $2.03bn.

Eastern European deposits showed little change on aggregate over the year, although Romania – under the Ceausescu regime – increased its deposits in banks during 1989 from $809m to $1.73bn.

The figures also show that China ceased to be a net debtor to international banks last year because of a significant build-up in deposits in international banks in the last half-year.

Deposits rose a provisional $5.3bn to $23.0bn at the end of last year. After paying back $2.3bn in loans in the second and third quarter, borrowings again increased by $1.5bn to $22.6bn.

● A BIS study into the international bond markets suggests a surge in scheduled repayments of bonds in 1992 and 1993, mainly because a large number of equity-related bonds mature.

The BIS says scheduled repayments of equity-related bonds jump from $23.1bn in 1990/91 to $115bn in 1992/3. Scheduled repayments associated with current issues peak at $211bn in 1993, up from $82.2bn this year.

Bonds outstanding at end-1989 totalled $1,252bn. It estimated pre-1990 bonds outstanding by end-1995 would total only $379bn.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday May 17 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed May 16 Index No.	Tue May 15 Index No.	Mon May 14 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (199)	861.18	+2.5	13.48	5.26	8.98	15.78	840.13	834.62	836.48	986.57
2	Building Materials (27)	1069.52	+3.3	14.77	5.55	8.37	21.22	1035.32	1020.83	1020.75	1252.79
3	Contracting, Construction (36)	1349.58	+2.8	17.96	6.08	7.27	33.20	1312.97	1302.29	1301.22	1713.70
4	Electricals (10)	2431.94	+1.3	11.69	5.51	10.52	61.43	2400.07	2395.37	2414.69	2889.92
5	Electronics (29)	1891.05	+3.8	9.60	3.92	13.48	19.33	1821.83	1812.55	1809.15	2277.23
6	Engineering-Aerospace (8)	452.68	+1.5	14.39	5.14	8.29	9.31	446.11	444.34	445.57	0.0
7	Engineering-General (43)	462.78	+1.5	12.31	5.41	9.81	8.17	455.98	454.81	457.39	0.0
8	Metals and Metal Forming (6)	486.67	+0.9	24.14	6.40	4.67	0.53	482.51	478.69	482.22	555.95
9	Motors (16)	338.78	+2.4	16.29	6.65	7.16	9.56	330.87	330.08	331.04	324.59
10	Other Industrial Materials (24)	1556.98	+2.2	11.39	5.12	10.14	33.09	1523.42	1514.90	1520.95	1654.88
21	CONSUMER GROUP (178)	1247.68	+2.8	9.65	4.00	12.84	12.56	1213.30	1215.35	1212.78	1233.48
22	Brewers and Distillers (21)	1474.71	+2.8	10.15	3.89	11.94	12.62	1433.91	1437.95	1430.89	1329.82
25	Food Manufacturing (20)	1075.66	+2.2	10.41	4.38	11.91	16.98	1052.92	1051.89	1052.80	1078.01
26	Food Retailing (16)	2356.77	+3.2	9.61	3.44	13.37	22.97	2283.63	2267.35	2258.17	2232.25
27	Health and Household (14)	2553.62	+2.4	6.77	2.73	17.59	20.36	2493.07	2533.58	2541.74	2285.71
29	Leisure (32)	1405.55	+3.0	10.26	4.25	11.88	18.28	1365.04	1360.46	1346.97	1681.32
31	Packaging & Paper (12)	572.25	+1.8	12.81	5.98	9.97	11.83	562.32	561.22	562.29	577.28
32	Publishing & Printing (16)	3319.67	+2.8	10.09	5.41	12.49	50.81	3228.22	3212.00	3227.19	3602.28
34	Stores (35)	776.47	+4.0	11.51	4.86	11.19	2.25	746.43	742.60	737.77	831.53
35	Textiles (12)	467.42	+1.1	13.85	7.62	9.18	13.26	462.16	455.61	454.24	542.43
40	OTHER GROUPS (105)	1140.64	+2.5	11.22	5.02	10.71	10.37	1112.44	1104.08	1103.91	1122.66
41	Agencies (17)	1614.47	+3.6	6.17	2.44	19.57	14.99	1557.71	1544.01	1546.33	1411.73
42	Chemicals (23)	1232.98	+1.8	11.52	5.36	10.15	28.52	1211.20	1202.74	1206.39	1268.55
43	Conglomerates (14)	1606.32	+2.0	10.50	6.13	11.45	14.41	1574.61	1573.07	1576.59	1604.01
44	Transport (13)	2198.41	+2.4	10.87	4.48	11.69	26.91	2147.91	2135.28	2141.42	2462.95
46	Telephone Networks(2)	1154.90	+4.7	10.99	4.44	11.83	0.00	1103.12	1090.68	1082.99	1179.42
47	Water(10)	1930.77	+1.9	18.05	7.01	6.14	0.00	1894.50	1888.39	1886.96	0.00
48	Miscellaneous (26)	1728.83	+0.8	12.01	4.90	9.50	18.70	1715.50	1693.36	1694.64	1515.72
49	INDUSTRIAL GROUP (482)	1130.75	+2.7	11.08	4.63	10.99	13.32	1101.46	1097.89	1097.41	1160.73
51	Oil & Gas (18)	2320.72	+2.2	11.68	5.24	11.31	46.43	2271.77	2244.03	2256.74	2039.04
59	500 SHARE INDEX (500)	1229.85	+2.6	11.17	4.71	11.04	15.95	1198.84	1193.41	1193.93	1235.66
61	FINANCIAL GROUP (109)	784.50	+2.6	–	5.84	–	18.66	764.52	762.06	765.39	756.11
62	Banks (9)	837.58	+2.7	19.60	6.42	6.68	25.62	815.48	810.24	816.19	754.01
65	Insurance (Life) (7)	1335.52	+3.2	–	5.50	–	36.94	1293.50	1304.64	1312.81	1079.12
66	Insurance (Composite) (7)	664.32	+4.2	–	6.22	–	19.43	637.78	637.00	638.92	599.67
67	Insurance (Brokers) (7)	1062.89	+1.3	8.14	6.12	16.18	27.41	1049.61	1049.11	1075.51	1006.43
68	Merchant Banks (7)	432.44	+2.6	–	4.40	–	4.85	421.39	415.61	414.00	330.15
69	Property (47)	1083.02	+1.2	8.16	4.21	15.64	8.35	1070.33	1065.10	1062.59	1335.81
70	Other Financial (25)	301.93	+1.4	14.76	7.39	8.88	4.54	297.79	297.50	297.25	378.31
71	Investment Trusts (67)	1187.03	+1.7	–	3.23	–	10.73	1167.31	1163.01	1165.16	1177.69
91	Overseas Traders (5)	1320.35	+2.4	9.34	6.92	13.11	42.87	1288.85	1276.03	1287.46	1396.84
99	ALL-SHARE INDEX (681)	1122.46	+2.6	–	4.84	–	16.34	1094.43	1089.69	1090.89	1118.29

		Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 16	May 15	May 14	May 11	May 10	Year ago
	FT-SE 100 SHARE INDEX‡	2284.4	+63.3	2284.4	2227.7	2221.1	2212.2	2214.5	2175.9	2157.0	2177.3

FIXED INTEREST

	PRICE INDICES	Thu May 17	Day's change %	Wed May 16	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	114.83	+1.01	113.68	–	4.71
2	5-15 years	120.23	+2.26	117.58	–	4.96
3	Over 15 years	124.30	+2.29	121.52	–	4.77
4	Irredeemables	141.17	+2.98	137.09	–	6.12
5	All stocks	120.56	+1.84	118.38	–	4.91
	Index-Linked					
6	Up to 5 years	144.64	+0.60	143.78	–	1.49
7	Over 5 years	137.60	+1.65	135.36	–	1.38
8	All stocks	138.01	+1.57	135.88	–	1.38
9	Debentures & Loans	95.73	–	95.73	–	3.92
10	Preference	74.05	+0.55	73.65	–	2.52

	AVERAGE GROSS REDEMPTION YIELDS		Thu May 17	Wed May 16	Year ago (approx.)
	British Government				
1	Low	5 years	11.40	11.64	9.57
2	Coupons	15 years	11.07	11.32	9.22
3		25 years	10.92	11.19	9.05
4	Medium	5 years	12.42	12.92	10.70
5	Coupons	15 years	11.39	11.74	9.65
6		25 years	10.95	11.26	9.22
7	High	5 years	12.54	13.03	10.80
8	Coupons	15 years	11.69	12.07	9.88
9		25 years	11.23	11.57	9.40
10	Irredeemables		10.82	11.16	9.04
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	5.17	5.40	3.46
12	Inflation rate 5%	Over 5 yrs	4.16	4.27	3.58
13	Inflation rate 10%	Up to 5yrs	4.05	4.28	2.78
14	Inflation rate 10%	Over 5 yrs	3.97	4.08	3.42
15	Debs & Loans	5 years	14.90	14.90	12.14
16		15 years	13.75	13.76	11.57
17		25 years	13.42	13.42	11.13
18	Preference		12.50	12.57	10.18

‡Opening index 2227.7; 9 am 2241.4; 10 am 2252.1; 11 am 2257.9; Noon 2261.4; 1 pm 2271.1; 2 pm 2270.4; 3 pm 2271.3; 4 pm 2279.2; 4.10 pm 2280.5. (a) 4.27 pm (b) 8.30 am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	92	0	6
Corporations, Dominion and Foreign Bonds	9	0	15
Industrials	609	184	795
Financial and Properties	309	80	350
Oils	29	18	43
Plantations	0	1	9
Mines	19	49	96
Others	35	78	133
Totals	1,102	410	1,447

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	–	101	90	♦Bluebird Toys 12pc Cv. Uns. Ln. 2005	90	
–	F.P.	–	85p	5p	Courtwell Group 10¼pc (Net) Cv.Cm.Pf	8p	
102.45	F.P.	–	106¼	102½	Dartmoor Inv Tst 6¼pc RPI-Lnk Db 2005	106¼	
100p	F.P.	–	101p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	101p	+2
100p	25p	–	34½p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	34½p	+2
100p	F.P.	–	100p	96p	Wyndham Group 9.375pc Cm.Pf	98p	
–	F.P.	–	55p	35p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	42p	+2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
20	Nil	–	8pm	6pm	*ASB Barratt Klandags 2p	6pm	
Ir175	Nil	–	47pm	44pm	Allied Irish Banks	45pm	
‡	Nil	–	½pm	½pm	Amercoeur Energy 2p	½pm	
200	Nil	–	26pm	11pm	♦Clinton Cards 10p	14pm	+5
152	Nil	–	20pm	12pm	Ellis & Everard	14pm	
132	Nil	–	19pm	11pm	Harrisons & Crosfield	16pm	+4
140	Nil	–	14pm	3pm	♦Midland & Scottish Res	3pm	
59	Nil	–	15pm	10pm	PWS Hldgs. 10p	11pm	+1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. [illegible]

TRADITIONAL OPTIONS

● First Dealings May 8
● Last Dealings May 18
● Last Declarations Aug. 2
● For settlement Aug. 13

For rate indications see end of London Share Service

Calls in EMC, FKI, Hazlewood Foods, Mecca Leisure, Mosaic Invs, Saatchi & Saatchi and Unit Group. Put in Monarch Res.

LONDON TRADED OPTIONS

LONDON shares rallied strongly yesterday, provoking heavy trade in the futures and options markets. Indeed, for most of the day the futures market led the cash higher, on aggressive buying by institutions and market-makers.

The futures market opened at a strong premium to the underlying index and quickly made further gains as a US house bought heavily.

The bulls were given further encouragement by the rally in the short sterling futures pit, where talk of an early entry by the pound into the Exchange Rate Mechanism, and the possibility of a cut in interest rates, sent prices sharply higher.

At one stage, the June FT-SE contract moved to a premium of approximately 50 points to the underlying index. Dealers said selling largely dried up in the futures market, and even the presence of a medium-sized buyer would prompt traders to mark prices still higher.

Equity market-makers' shortage of stock led some to try to cover their positions by buying futures. But that pushed prices up further, as buy-stops were triggered, dealers said.

The June FT-SE contract closed at 2,329.0, up 71 points on the day, and nearly 50 points above the underlying index. One analyst said this compared with a fair value premium of 21 points.

In the traded options market, turnover, at 79,737 contracts was at its highest level all year. Turnover was heaviest in the European-style FT-SE index options, where one large transaction lifted volume.

James Capel bought 4,500 March 2,325 calls, sold 4,500 March 2,225 puts, and sold 9,000 March 2,125 puts. The trade was bullish and said to be linked to an over-the-counter option transaction.

The market-makers who were the other side of the transaction hedged themselves by buying 2,000 June index futures contracts at 2,313. This was the largest trade in the futures market and was crossed.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied Lyons (*464)	420	44	62	72	5	9	14
	460	16	35	45	22	24	28
	500	6	20	–	52	57	–
ASDA (*104)	90	19	20	23	1½	4	5½
	100	10	12	18	4	7½	8½
	110	5	7½	–	10	13	–
Brit. Airways (*206)	180	27	32	35	2	3½	5½
	200	10	17½	23	8½	10½	12
Unilever (*680)	650	51½	78½	97¼	6¾	13	16¼
	700	20	46	–	28¼	34	–
Ultramar (*340)	330	25	38	50	9	15	18
	360	9	23	35	27	30	32

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*517)	500	22	50	60	3½	18	23
	550	1	23	32	40	42	47

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Barclays (*545)	500	55	65	82	3	11	15
	550	14	32	51	17	30	32
Blue Circle (*225)	220	12	20	28	5	9	12
	240	3½	9	16	17	18	21
British Gas (*217)	200	20	23	28	1	5	7½
	220	6	9½	16	7	14	17
Dixons (*129)	120	14	18	123	6	10	12
	130	8	14	17	12	16	18

[illegible]

UK COMPANY NEWS

Whitbread ahead 17% and lifts market share

By Philip Rawstorne

WHITBREAD, the UK brewer and retailer, yesterday reported full-year pre-tax profits of £260.2m, some 17 per cent up on last year's £223.2m.

Beer brands, pubs and restaurants all gained market share in spite of tougher trading conditions.

The figures, for the year ended March 3 1990, included aprovision of £45m for the costs of restructuring the company to meet changing conditions in the industry as a result of the Monopolies and Mergers Commission report.

A separate company has been set up to deal with the freeing of some 2,275 tenanted pubs from the brewer's tie.

Most are likely to be converted to commercial leases over the next two years.

Mr Peter Jarvis, group chief executive, said the company was now "in excellent shape for the future, clearly focused in three strategic areas – beer brewing and marketing, the management of public houses, and the development of leisure retail businesses."

The £369m from the sale of the Burrough's wines and spirits business to Allied-Lyons, included in the accounts as an extraordinary item, would be used to fund further expansion, he said.

Against the background of internal reorganisation, turnover increased by 11 per cent from £1.85bn to £2.05bn. Fully diluted earnings per share rose 20 per cent to 42.28p.

A final dividend of 11p is proposed, making a total of 14.8pfor the year, nearly 18 per cent higher.

Profits from beer brewing and wholesaling rose 14 per cent to £124.1m on turnover up 10 per cent to £758m.

Beer volumes increased 3 per cent overall in a static market. Heineken, refreshed by a new advertising campaign, led the way with total volume up 7 per cent, double the market sector growth rate. Murphy's more than doubled its share of the stout market; and the volume of cask-conditioned beers – which include Boddington's and Marston's Pedigree – grew 5 per cent ahead of the market.

Retailing profits from managed pubs, restaurants, and hotels, rose from £100.1m to £117.9m, an increase of 18 per cent.

Trading profits of Whitbread Inns, in which £80m was invested last year, increased by 25 per cent. Food sales were 28 per cent higher, and drink sales 14 per cent up.

Pizza Hut, jointly owned with Pepsico, raised profits by 30 per cent and pushed its market share to nearly 29 per cent.

In Canada and the US, the profits of the Keg steak and seafood restaurants increased by more than 30 per cent to £7m.

Property disposals contributed £33.4m (£24.8m) to profits but development trading profits fell from £7.8m to £3m.

Analysts, encouraged by the results, forecast pre-tax profits for the current year of between £304m and £315m, with earnings per share rising to about 50p.

Whitbread's shares closed 13 up at 415p.

See Lex

Cash element from TT in Crystalate bid

By Jane Fuller

TT GROUP, the industrial holding company, has introduced a cash element into its hostile £32.5m bid for Crystalate Holdings, which makes electronic components.

While the all-share offer remains the same – seven new TT shares for every 10 Crystalate – 80p per share is now available in cash.

The paper offer values Crystalate shares at 84.7p each and the partial cash alternative is worth 80.4p per share.

Crystalate's share price closed at 79p yesterday; TT's was 121p.

However, a reminder was issued that a possible white knight may emerge from the US in the form of Vishay Intertechnology which, like Crystalate, makes resistors. Vishay repeated that it was considering making a bid and it brought forward the date by which it would decide from May 28 to May 25.

The US company said it was seeking trading information from Crystalate, which last week announced a loss of nearly £900,000 for the six months to March 31.

In the year to September, the UK target made a pre-tax profit of £2.9m on sales of £115m.

Crystalate firmly rejected TT's final offer, saying that it underestimated the strategic value of the company.

Crystalate shareholders had already been told that the offer failed to reflect the company's recovery potential and the industrial logic was also questioned.

TT, which makes industrial components, packaging and building products, made a pre-tax profit of £8.4m on turnover of £61m in 1989. By yesterday it owned or had acceptances on behalf of 12.4 per cent of Crystalate's ordinary shares.

Mr John Newman, a TT director, said it specialised in acquiring companies with quality products but poor performance and improving that situation.

Although his company had no electronics subsidiaries, he compared resistors to nuts as being essential widgets.

If the cash alternative were fully taken up, he said the cost would be about £9.5m. TT had little debt and if the takeover was to go ahead the merged group would have gearing of about 40 per cent.

On an all-paper basis, TT would issue 23m new shares, representing 31 per cent of the enlarged ordinary share capital.

The closing date for TT's final offer, which includes cash for holders of preference shares and loan stock, is June 1.

The offer values the existing share capital at about £27m and is worth £32.5m on a fully diluted basis.

Sock Shop administrators granted extension

By Vanessa Houlder

ADMINISTRATORS to Sock Shop International, the hosiery retailer, were yesterday granted a further three months to reach agreement with its creditors.

The date for the presentation of the proposals to the creditors has been extended by the Companies Court from May 21 to August 21.

Ms Sophie Mirman, chairman, said that the administrators were talking to a number of potential partners in their attempt to sell the business as a going concern.

"Negotiations are unpredictable. It is taking longer than first anticipated but we are well down the road," she said.

The administrators, Mr Peter DuBuisson and Mr Phillip Sykes, of accountants BDO Binder Hamlyn, were appointed three months ago under the provisions of the Insolvency Act. Their task has been to attempt to keep the company as a going concern, while seeking additional finance and agreement with the creditors.

The group's current trading was in line with its budget, according to Ms Mirman.

At the end of January, Sock Shop had liabilities of £19.4m, of which £14.6m was an overdraft, and assets of £17.9m.

Sock Shop's shares, quoted on the USM, remain suspended at 34p.

The writing's on the wallpaper for holders

Alice Rawsthorn outlines the proposed rescue alternatives for the stricken Coloroll

WHEN THE long-awaited proposals for Coloroll's restructuring flashed across the screens yesterday, the response of its shareholders was little short of apoplectic.

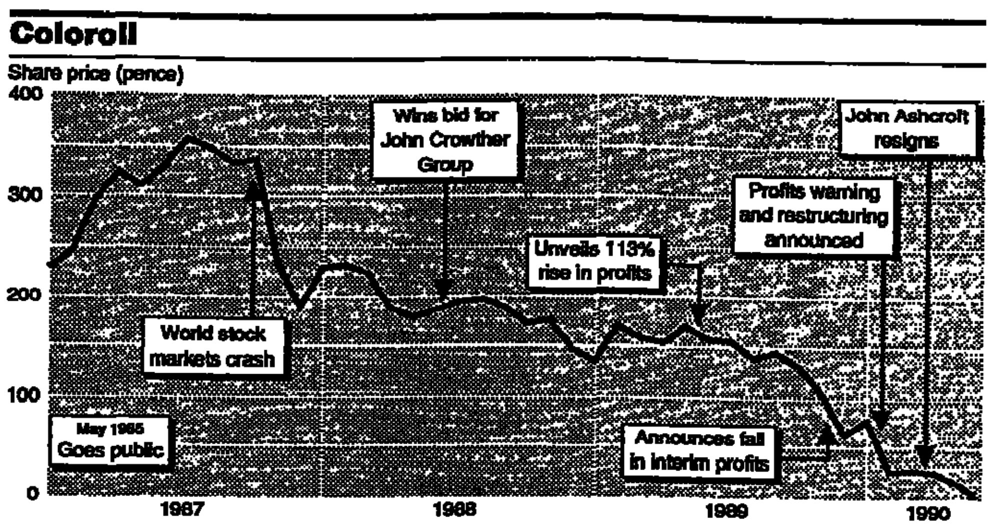
Those who have watched the value of their investments tumble from a high of 374p three years ago to just 8½p yesterday, were told of proposals for Coloroll to be taken private by a group of investors led by Candover Investments.

In other words, Coloroll's shareholders have been given a choice between accepting a minority stake in an unquoted company – which would almost certainly be worth less than the market value of their existing holdings – or selling their shares, at a thumping loss, while Coloroll is still publicly quoted.

Three of Coloroll's biggest institutional investors are supporting the proposals. The others, as one analyst put it, "threw their hands up in horror" at the news.

Horrified or not, there was nothing they could do. Coloroll's problems are so acute that the likeliest alternative was receivership. For the past four months Coloroll and SG Warburg, its merchant bank, have been racing around the City trying to put together a package to save the company from collapse.

One by one all the conventional options fell through. Originally Coloroll had hoped to raise new money through a rights issue. It needed to raise at least £75m to reduce its debts and contingent liabilities. Once its shares had slipped below 20p, as they did in March, the chances of a successful issue became slimmer and slimmer.



From time to time a possible purchaser would surface for particular parts of the group. Coats Viyella, the UK textile group, was said to be interested in Fogarty, the bedding business, as was DMC, one of the largest French textile groups. Williams Holdings, the acquisitive conglomerate which has crossed swords with Coloroll in the past, was seen as a candidate for the wallcoverings company.

But no-one seemed to be willing to bid for the whole of Coloroll. Even the companies which were interested in individual subsidiaries chose to wait and see whether Coloroll would go under, so they could pick them up cheaply from the receivers.

There were also doubts that the existing investors would be prepared to support the other options: a cash injection by shareholders, or some form of placing.

The situation was complicated by the changes in Coloroll's share register. The institutions have been selling steadily for several months. The only buyers have been private investors, the speculators who had read about the company's problems in the papers and snapped up its shares as a punt.

In the meantime Coloroll's problems were intensifying.

Its trading problems are all too apparent. Coloroll's core area of activity, the home products market, has been hit heavily by the impact of high interest rates on consumer spending. In November it announced a sharp fall in interim profits; its preliminary results – originally due this month – are expected to show an even steeper decline.

The problem of depressed demand was aggravated by the legacy of the over-optimistic attitude of Coloroll's old management team. Stocks were too high and some factories were operating at over-capacity.

Coloroll has been cutting costs since last summer. The cuts accelerated after the announcement of its interim results in November. When Mr Kenneth Marks arrived as chairman in March – taking the place of the flamboyant Mr John Ashcroft – the cost-cutting began all over again.

Mr Marks spent his first four weeks at Coloroll visiting all its companies to revise budgets and review overheads. He then presented an assessment of its financial position to Warburg so that it could canvas support for a rescue package.

But the overriding problem for Coloroll is its financial structure.

The company incurred heavy borrowings in a spate of acquisitions in the late 1980s. It also accrued hefty contingent liabilities. Analysts suspect that the debts and liabilities could add up to anything between £150m and £200m. For the last few months Coloroll's auditors have been going over its accounts with a fine toothcomb to prepare a thorough report for the last financial year to March 31.

Whatever the actual level of its debts, Coloroll's liquidity problems have been escalating since last summer. It secured an agreement for short-term support from its banks in January, but passed the payment of its preference dividend in March. Since the spring, some of its biggest suppliers have been making provisions for its receivership in their accounts.

The only option was to find a new investor prepared to provide the capital needed for Coloroll to stay in business. Yesterday's announcement shows that Coloroll has found someone who is prepared to support it in principle. But discussions are still at an early stage. All the details of the deal – the amount of capital, the allocation of equity and the role of the present management team – have yet to be agreed.

If the deal goes through, Coloroll will save itself – and its 8,500 employees – from the threat of receivership. As for its shareholders, they have to decide between waiting to see whether the deals work out or selling the shares while they can.

Judging by the slump in the share price yesterday, some of them have already decided.

Molins hits out again at elusive US predator

By Andrew Hill

MOLINS yesterday repeated its claim that Leucadia National Corporation was trying to acquire the value in the cigarette machinery manufacturer cheaply with its increased offer of 275p.

Leucadia raised its hostile bid two days ago, and attacked Molins' failure to produce a profit forecast in its bid defence – the third in the last three years. The elusive US company also suggested Molins had to an extent abandoned complex systems design and manufacturing.

Molins yesterday pointed to its optimistic trading statement last month and added that the group was "widely recognised by those who matter as being one of the most technically advanced and innovative companies in its field." Molins's shares were unchanged at 275p yesterday.

Mystery buyer at Holmes Protection

A mystery shareholder has taken a 5.52 per cent stake in Holmes Protection Group, the troubled New York security company, writes Andrew Hill.

Chase Nominees has bought 3.67m shares in Holmes, which has seen its share price fall to an all-time low this year following profit warnings and resignations.

However, the US company, which is quoted in London, cannot use section 212 of the Companies Act to force Chase to reveal the beneficial owner or owners of the shares because Holmes is registered in Delaware.

The security company said yesterday it was requesting further information from Chase.

Holmes shares rose 2p to 16p yesterday.

Wormald International, the Australian fire protection company, is the largest investor in Holmes with a 14.6 per cent stake.

UK COMPANY NEWS

Good performance at home dented by poor UK and US showing

Bank of Ireland rises to I£134m

By David Lascelles, Banking Editor

BANK OF Ireland raised profits and earnings per share in its latest financial year. But while results from its domestic market were strong, the bank suffered reverses in the UK and the US – its two main overseas markets.

Pre-tax profits amounted to I£134.2m (£129.8m) in the year to March 31 1990, up some 4 per cent on the previous year. Earnings per share were 28.2p, up from 24.8p.

Mr Louden Ryan, the governor, said that the bank had strengthened its leading position in the Irish market both in terms of profitability and market share.

There was also a sharp reduction in loan loss provisions reflecting better credit management systems. The retail division earned I£109.9m (I£71.5m).

However in the UK, profits plunged to I£10m (I£28m) as rising interest rates and tougher competition took their toll on the bank's mortgage and credit operations. Loan losses also rose, though they were partially offset by tighter cost controls.

Separately, the group made a I£16m provision for its exposure to the UK local authority swaps market.

Mr Ryan said the bank had embarked on a fundamental restructuring of its British operations to respond to the difficult trading conditions. Cost reduction plans are also being implemented.

First NH Banks, the group's US subsidiary, made a loss of I£600,000 in the 1989 calendar year because of the tough environment in New Hampshire, and particularly the decline of the real estate construction sector.

First NH has been less hard hit than some banks in the region, but it has launched a stringent cost reduction programme and credit control measures have been tightened.

"Although no significant improvement can be expected in the New Hampshire economy in the immediate future, the longer-term outlook for First NH is positive," Mr Ryan said.

The corporate and investment banking division earned I£90.7m, up from I£75.8m, with good contributions from all major constituents.

The total dividend is raised 17 per cent to 11p via a proposed final of 7p.

In the balance sheet, Bank of Ireland said it had maintained good capital ratios with Tier 1 at 6.5 per cent (compared to the internationally agreed minimum of 4 per cent) and total capital of 12.4 per cent (8 per cent).

The bank has also sharply reduced its exposure to Third World debt from $79m to $16m Provisions are equivalent to 70 per cent of exposure.

Regal Hotel tumbles £1.2m into the red

Regal Hotel Group, formerly Rivoli Cinemas which joined the USM last November through the reverse takeover of Regal Hotel, announced pre-tax losses of £1.2m for the period from April 6 to December 31 1989. For the year ended April 5 1989 losses were £871,000, restated.

However, there was a £6.49m extraordinary profit on the sale of a listed investment, which left the group with an attributable profit of £5.27m (£1.17m loss).

At the beginning of the period under review Regal owned and operated four regional hotels, three of which have since been refurbished. The Alexandra Hotel in Hove, Sussex, was acquired for £2m in July and December saw the purchase of the Leofric Hotel in Coventry for £3.1m.

The company said that net assets at the year-end amounted to £20.2m and that borrowings totalled £10.2m, though this increased in January on completion of the Coventry buy.

Despite a poor start to the current year, trading was improving, the company said, adding that the current year would be affected by high interest rates and costs associated with the refurbishment of hotels.

Losses per share worked through at 11.35p (9.33p).

AIB may face state regulatory obstacles in bid for Baltimore

By David Lascelles, Banking Editor

LAWYERS TO Baltimore Bancorp have advised it that the unsolicited bid from First Maryland, the US arm of the Allied Irish Banks, faces two regulatory obstacles.

Earlier this week Baltimore's board unanimously rejected the $217m (£128m) bid as inadequate and potentially disruptive. But it also took into account legal advice which suggested that AIB would have difficulty obtaining regulatory approval for the bid.

Mr Rodgin Cohen, a partner with Sullivan and Cromwell, the New York law firm which is advising Baltimore's board, said AIB faced difficulties under the Community Reinvestment Act, an anti-redlining measure which is designed to ensure that banks lend sufficiently to their local communities.

Banks are rated on a scale of one down to five. AIB's New York branch has a rating of three which Mr Cohen said may not be enough to secure approval from the Federal Reserve Board for the acquisition. The rating of First Maryland, which is actually making the bid, is not known.

Mr Cohen said that the Maryland attorney general had also said that no hostile bid for a bank in Maryland would be approved. Although AIB has stressed that its bid is friendly, it would need the support of the board to obtain state regulatory approval.

Allied Irish Banks declined to comment on the regulatory position.

Midsummer slips to £4.12m at midway

Midsummer Leisure, the pubs, clubs and discos group which has lost its fight to remain independent, reported a decline in pre-tax profits for the six months to March 31.

Pre-tax profits fell to £4.12m (£4.55m) and earnings slipped to 6.8p (7p). An interim dividend of 1.5p will be paid.

European Leisure has not declared its offer for Midsummer wholly unconditional and until that happens the board is not recommending acceptance. But Midsummer conceded there was no reason to think that European would not satisfy the offer or waive its bid.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Appleby W'ward §	fin	5.5	July 2	4.5	8	6.5
Bank of Ireland	fin	7♣	July 12	2.625*	11	9.375*‡
Eastern Produce	fin	9.5	July 24	8.5	12	11
Foster (John)	fin	3.75	July 18	3.75	5.5	5.5
Hartstone	fin	1.25†☆	July 31	nil	2	1.3
Ocean Wilson	fin	2.25	-	2	2.75	2.5
Tomkinsons	int	3.5	June 18	3.5	-	11.5
Whitbread	fin	11	-	9.3	14.8	12.55

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣Irish currency. ‡Includes 3.75p additional dividend. ☆Carries scrip option.

Boardroom reshuffle at troubled Silentnight

By Andrew Hill

THE CLARKE family has tightened its grip on the management of Silentnight Holdings, the quoted furniture manufacturer it controls, following a boardroom reshuffle "in the interests of better communication and efficiency."

Mr Chris Burnett, chief executive, has agreed to leave the company in a year's time, and Mr Graham Creswick, finance director, is to join John Foster, the textile company, in June.

In 1989-90, Silentnight's pre-tax profits slumped 38 per cent, mainly as a result of a disastrous attempt to supply beds by direct delivery to the loss-making Lowndes Queensway retailing chain.

Non-executive director Mr John Clarke, son of Mr Tom Clarke, the group's founder, is now returning to an executive position in charge of the beds division, Silentnight's largest operation. Famco, holding company for the Clarke family trust, owns 52 per cent of Silentnight.

Mr Barry McKenzie, currently a non-executive director and a chartered accountant, will be finance director, while three other divisional directors – Mr Derek Cadwallader, Mr Bill Simpson, and Mr George Thomas – are joining the main board.

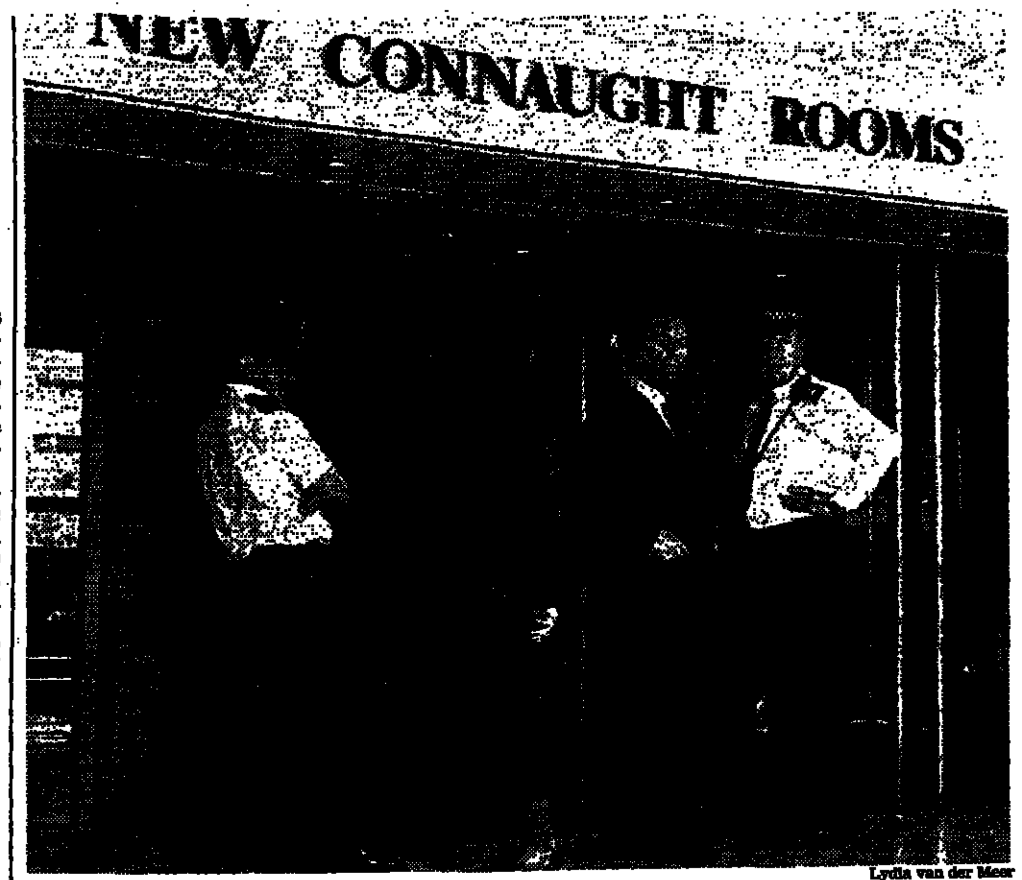
For the next year, Mr Burnett, while remaining as chief executive, will be deputy chairman of the group with reponsibility for the upholstery division.

Mr Bill Davies, Silentnight's chairman and chief executive of Famco, said yesterday that the parting between Silentnight and Mr Creswick and Mr Burnett had been perfectly amicable.

"We have a 52 per cent shareholder and that restricts our ability to use paper on acquisitions. Chris feels he is likely to get more opportunity to exercise his talents in a group that doesn't have the same sort of restrictions," said Mr Davies.

Mr Burnett, who was unavailable to comment on the moves yesterday, joined Silentnight in 1985 during a bitter long-running industrial dispute which hit profits. Until last year, the group seemed to be recovering from that decline.

Yesterday's statement said the new financial year had started encouragingly but warned that economic factors could still hit the 1990-91 results.



Lydia van der Meer

Shareholders face tight security on arrival at Shell's annual meeting yesterday

Swayed by the winds of change Shell gives ground

By Andrew Bolger

THE WINDS of peaceful change which have been sweeping southern Africa yesterday penetrated the closely guarded recesses of the annual meeting in London of Royal Dutch/Shell, the Anglo-Dutch oil group.

Sir Peter Holmes, chairman of Shell Transport and Trading, said that after noisy disruptions to previous shareholders' meetings, he had reached a novel agreement with anti-apartheid groups.

The first 30 minutes of question time would be devoted to southern Africa, with three anti-apartheid speakers allowed seven minutes each before he replied and took further questions.

Mr Denis Goldberg, a white south African who was jailed with Mr Nelson Mandela, said that although Shell was building houses and providing education for its workers in South Africa, it was not doing anything to change the political situation.

Miss Mildred Neville said most of the churches had seen sanctions as the last chance for non-violent change in South Africa. This was no time to relax pressure on the regime.

The Rev. David Haslam, a veteran anti-apartheid campaigner, said that there was no question that economic and political pressures had led to the current changes. He urged Shell to suspend its operations totally in South Africa until apartheid was dead.

Sir Peter countered that Shell was totally committed to the ending of apartheid. Its clear stance on the issue had won the company the respect and support of the black community.

Although he accepted that some sanctions – such as those on bank credits – had been effective, Sir Peter said Shell's view was that most trade restrictions would be detrimental not just to the economic but also the political conditions of black south Africans.

Sir Peter said he was totally opposed to disinvestment. All that would change would be the name – the refineries and filling would still be there. To withdraw would achieve nothing – merely still the public voice of Shell, which favoured reform.

Mr David Craine, of the sanctions group Embargo, said that if curbs on bank credits had been successful, it was because of the impact of the sanctions policy, which Shell undermined by its oil trading and exports of South African coal.

Ms Karen Talbot of the Anti-Apartheid Movement said the agreement reached with Shell was the first time a major company had conceded a formal slot in its shareholders' meeting to hear the sanctions case.

Sir Peter apologised to those shareholders who disapproved of the agreement but it worked smoothly, with only a little slow handclapping towards the end of the last anti-apartheid contribution.

Honour having been satisfied on both sides, the meeting broke up to general applause, plus a few scattered chants of Amandla Ngawethu! (Power to the People).

UK COMPANY NEWS

Hawker expands in US with $38m acquisition

By Charles Leadbeater, Industrial Editor

HAWKER SIDDELEY, the diversified engineering group, is strengthening its position in the North American electric motors market with the acquisition of Eaton Technologies, a family-owned, specialist manufacturer of motors for the automotive industry.

The $38m (£23.2m) acquisition announced yesterday, one of the largest made by Hawker in recent years, is the first to be made since the company unveiled a far-reaching internal reorganisation earlier this year.

Although negotiations over the deal started before the reorganisation was unveiled, Hawker said it was evidence of the way the restructuring had provided more focus for its activities.

The Eaton acquisition follows the £7m purchase earlier this year of the motors division of Electrohome, with one Canadian plant and two in the US.

The acquisitions are intended to strengthen Hawker's position in niche markets in North America.

Eaton, based in Michigan, with plants in South Dakota, Indiana and Tennessee, specialises in providing small motors to move seats in luxury cars.

Electrohome makes small motors for automotive air conditioning units and medical uses.

Hawker believes that both companies will be in a good position to weather the downturn in the US car market as their sales are concentrated in the luxury market. In time, however, both are expected to expand their automotive activities by providing motors for the volume car market.

The companies will be run as independent businesses but they will have close ties with Fasco Motors, the motors division of Fasco Industries which Hawker acquired in 1980.

The third strand of Hawker's strategy for the North American market is the expansion of sales from its UK-based Brook Crompton subsidiary which last year established a manufacturing plant in Canada.

Earlier this year Hawker strengthened its position in the UK market with the £30m acquisition of GEC-Alsthom's Electromotors division.

Hartstone returns to the black with £3.22m

By John Thornhill

MR STEPHEN Barker, chairman of Hartstone Group, has returned the handbag and hosiery company to the black after a hectic year of rights issues and acquisitions.

Hartstone, formerly Glamar Group, recorded pre-tax profits of £3.22m in the year to March 31 compared with a loss of £164,000 in the previous period.

Mr Barker, the former chief executive of Albert Fisher, who bought into the loss-making Glamar in February 1989, claimed yesterday that he had already built up the biggest handbag and leather goods distributor in the UK.

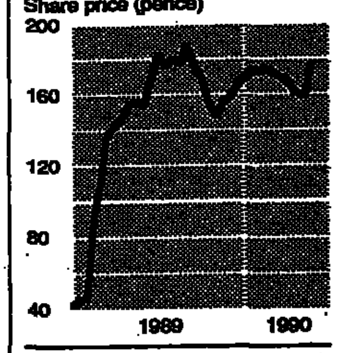
He also laid claim to a 20 per cent share of the UK's hosiery market.

The group's handbag and leather goods division, which has been built up by way of three acquisitions, contributed £2.46m at the pre-tax level.

Triad Leather, Symphony International and L&D were all said to have made significant contributions.

Hartstone's hosiery businesses reported a pre-tax profit of £498,000 compared with a pro-forma figure of £308,000. Since the year end,

Hartstone Group



Hartstone has further bolstered this division with the purchase of Bear Brand Hosiery from the troubled Courtwell Group for £726,000.

Mr Barker said Hartstone's two divisions were well-placed to progress further in highly-fragmented markets and would be able to deliver further growth in spite of the uncertain economic climate.

He added that sales were holding up well in the current year. "The people in our group say that in recessionary times women tend to accessorise rather than buying a completely new outfit," he said.

Sales billowed to £25.58m (£3.22m). The bulk of this came from acquisitions but underlying organic sales growth was 17 per cent.

Net tangible assets grew to £14.85m (£3.75m) and earnings per share were 12p (losses of 1.3p).

The company announced a final dividend of 1.25p which will bring the total to 2p. In the previous year pay-outs totalled 1.3p (adjusted).

CU unveils first pan-European investment fund

By Eric Short

Commercial Union has revealed plans to become a significant force in the European financial services market, not only in the general insurance field, but in life assurance, savings and investment, particularly in personal contracts.

The first pan-European investment product, due to be launched on June 1, is a Luxembourg UCITS (Undertakings for Collective Investments in Transferable Securities), under the name of the Privilege Portfolio.

This is an umbrella fund, with 18 sub-funds covering cash and currency funds, bond funds and equities covering in a wide range of markets in Europe, the US, Japan and the Far East.

Although the UCITS directive came into operation on October 1 1989, CU so far is only marketing this product in the UK, France and Spain among EC countries, though it is also marketing it in the Middle East and the Far East. It intends to introduce Privilege Portfolio to other EC countries as soon as authorisation is granted.

CU, through its Commercial Union Europe business unit, already has the widest representation of any UK composite insurer in Europe, operating in 19 countries. This includes major life and investment operations in the Netherlands and France and a life assurance presence in Spain, Italy and Greece.

The insurance operations have given CU a wide distribution network in Europe and local investment expertise. That, claimed Mr John Carter, executive director, would enable CU to take advantage of the single financial market in 1992.

CU also has plans to launch a further 18 funds as markets develop and intends to design and launch further pan-European financial services products.

Appleby Westward tops £2m with 26% advance

By Vanessa Houlder

APPLEBY Westward Group, the west country-based grocery wholesaler, yesterday announced a 26 per cent rise, from £1.62m to £2.04m, in taxable profits for the year to February 28.

Turnover of this USM-quoted group increased by 17 per cent from £47.99m to £56.35m.

Mr Roger Harvey, chairman, said that its position in the south west had been consolidated by adding more retail outlets trading under the Spar and VG franchises.

He said that Jones Shopfitters had had an excellent year, in contrast to the difficulties experienced by some competitors. In the commercial vehicle repair division, Saltash Truck Services had a successful 12 months.

Mr Harvey said that all divisions were well placed to increase sales and profits. "There are plenty of opportunities available to us to increase the number of Spar and VG outlets in the south west and it has become clear that, unlike other retailers, many of our customers do not appear to have been affected by the current downturn in consumer spending," he said. Net interest receivable increased from £138,000 to £236,000.

Earnings per share increased by 28 per cent from 18.6p to 23.9p. A final dividend of 5.5p is recommended, making a total of 8p (6.5p).

Improvement for London and Associated and Bisichi Mining

London & Associated Investment Trust yesterday reported a rise in net asset value per share to 50.6p at December 31 1989 compared with 37.1p previously.

Gross income totalled £2.01m (£1.66m) and pre-tax profits were £841,000 (£768,000). The recommended final dividend of 0.41p makes a total of 0.46p (0.4p) and comes from earnings per share of 1.8p (1.17p).

At the end of the financial year the group had its property portfolio, which principally comprises shopping centres, revalued. It is now priced in excess of £30m.

Gross income of Bisichi Mining – in which it holds 38 per cent interest –

at the year-end increased to £551,000 (£319,000). Before tax and extraordinaries profits rose to £166,000 (£132,000). Tax took £48,000 (£31,000) and earnings per share rose to 1.18p (0.97p).

Directors are recommending a final dividend of 0.56p (0.51p), an increase of 10 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Moran; Overseas Investment Trust.
Finals- Harding, Lendu, Value & Income Trust.

FUTURE DATES

Interims-	
Cauldon	May 23
Chiltern Radio	May 24
Countryside Properties	May 23
Dundee & London Inv Trust	June 21
Thornton (GW)	May 25
USKO	May 21
Young (H)	May 29

Finals-	
AmBrit International	May 23
BPB Industries	June 27
Babcock International	May 31
Cape Industries	June 12
Charter Consolidated	June 18
Chesterfield Properties	May 22
Elliott (B)	May 24
Fuller Smith & Turner	July 5
Graham Wood	June 27
Leigh Interests	June 4
Macdonald Martin Dist	May 31
Meyer International	June 12
Norcros	June 7
Pilkington	June 7
Plaxton International	May 22
REA	May 23
Reed International	June 5
Scott's Restaurant	May 21
Tern	May 21
Trimoco	May 23
Tribble Harris	May 23

NEWS DIGEST

Downturn at Eastern Produce

PROFITS OF Eastern Produce (Holdings), which have been on a see-saw over the past few years, fell again for the 12 months ended December 31 1989.

From a turnover some £6m lower at £158.16m, pre-tax profits of the tea, coffee and citrus fruits producer declined from £8.14m to £7.47m.

The share of profits of associated companies fell by £333,000 to £636,000 but investment and other income rose to £2.93m (£1.35m). Interest charges took £940,000 more at £2.94m.

Earnings worked through at 22.9p (25.8p) but a 1p higher final dividend of 9.5p makes a 12p (11p) total.

Pre-tax profits for 1984 totalled £21.81m. They fell to £8.93m the following year but picked up to £9.05m a year later. 1987 saw a setback to £7.26m.

John Foster profits tumble to £1.26m

John Foster, the textile group, reported pre-tax profits substantially lower at £1.26m for the year to March 2 compared with £3.34m for the previous 12 months.

Mr Victor Watson, chairman, said that trading in the second half of the year had been even more difficult than expected at the time of the interim statement.

He believed the benefits of capital expenditure should begin to show through in improved productivity, however, and the group's investment in training, which had been considerable, would bring associated benefits.

The final dividend is maintained at 3.75p for an unchanged total of 5.5p from lower earnings of 9p (21.1p). Turnover was little changed at £34.2m (£34.77m).

Interest rates hit Tomkinsons again

Still suffering from the effects of higher interest and mortgage rates, Tomkinsons, the Worcestershire-based carpet manufacturer and yarn spinner, saw pre-tax profits decline once again.

In the six months to March 3 this year profits fell from £1.81m to £1.08m. In the year to the end of September 1989 they fell 22 per cent to £3.76m.

Turnover in the period under review was down to £12.72m (£14.04m). The company said that it had significantly increased exports and had maintained its commitments in the contract sector.

However, Tomkinsons warned of a further downturn in its main business, the supply of carpet for residential use. Although many UK-based carpet manufacturers would report lower turnover and margins in 1990, it was well placed to hold its own and deliver margins in the upper quartile for the industry.

After tax of £360,000 (£632,000), earnings plunged to 10.9p (19.4p) per share, although the interim dividend is maintained at 3.5p.

UK COMPANY NEWS

UK insurers unhappy with LUI bail-out plan

By Patrick Cockburn

THE UK insurance industry is reacting with distaste to plans to bail out London United Investments, the insurance group whose shares were suspended at the end of March because it does not have enough reserves to meet future claims.

Mr Ian Rushton, chief executive of Royal Insurance, one of the largest UK composite insurers, said yesterday that he would need to be convinced that it was in his company's interest to contribute to a rescue bid.

Addressing the argument that the insolvency of LUI would damage the London market for international insurance risks, Mr Rushton said: "The type of business they were writing is not the type of business we would write."

The principle business of LUI was US liability insurance in which its subsidiary, HS Weavers, specialised as underwriting agent. During the 1970s and 1980s it established a reputation for insuring risks nobody else would take at low rates.

A significant part of Weavers' business was insuring professional partnerships in the US such as lawyers, doctors and auditors. Major brokers Sedgwick and Marsh & McLennan have suggested that these might be protected by the Policyholders Protection Act of 1975.

This offered protection to individuals, but not commercial policyholders following the insolvency of an insurance company. The policyholder, including individual members of partnerships, would get at least 90 per cent of his claim paid through a levy on the UK insurance industry.

Mr Rushton said yesterday that the 1975 Act was not intended to cover situations such as the claims of US professional partnerships. Nevertheless, Royal would weigh the costs of a voluntary rescue against possible payments under the act.

Brokers have been in the forefront of efforts to avert the liquidation of LUI, or at least to organise an orderly run off of Weavers' past business.

Without this, brokers fear a wave of litigation from disgruntled clients whose claims are not going to be paid because six key LUI subsidiaries are £75m to £100m short of reserves.

The rest of the UK insurance industry is unenthusiastic about paying money to save Weavers or its policyholders on the grounds that the demise of LUI and its subsidiaries will do no lasting damage to London's international insurance business.

Earlier in the week Mr John Carter, an executive director of Commercial Union, the composite insurer, said that the company would have great difficulty in justifying the spending of shareholders' money to prop up LUI.

He said the company had not, in any case, received an invitation to any meeting with other members of the UK insurance industry to discuss the rescue of LUI. Even if invited, Commercial Union might not attend.

Hopes among LUI shareholders have also ebbed since the end of March when the company's shares were suspended. The obstacle to saving LUI, according to someone close to the talks on a rescue, is that "LUI's assets are all too calculable, and its potential losses all too incalculable."

Losses are difficult to estimate because insurance claims for US liability business often emerge many years after the policy was originally written and after unforeseeable changes in the level of court awards.

Ashley Ashwood

SHAREHOLDERS in Guinness were regaled with messages about quality drinking and export success at the annual meeting in London yesterday, before being brought down to earth by questions about pensions, advertising campaigns and the sex of the directors, writes Jane Fuller.

Mr Anthony Tennant, chairman of "one of the world's most profitable alcoholic drinks businesses," said the 33 per cent increase, to £691m, in pre-tax profits for 1989, was partly due to consumers "drinking better".

Mr Tennant, pictured above with Brian Baldock, group managing director (left) and Anthony Greener, managing director of United Distillers (right), returned to the "quality not quantity" theme both in his assurance that the group backed moderate drinking and in answer to a shareholder who dared to question the assumption that disposable incomes would just keep on rising.

The triumphant export message was unclouded by Mr Tennant's previous tilt at the undermining effect of the UK Government's increase in duty.

"Last year, Scotch whisky earned Britain £1.5bn" he told the assembly at Grosvenor House, and Guinness was one of the UK's top five net exporters.

While the questioners welcomed the good news, they also focused on areas where they felt the group could do better.

Mr Norman Edwards, of Cheam, Surrey, drew a round of applause for his plea for the group to raise pensions in line with inflation.

While the board, employees and shareholders had enjoyed rises ahead of inflation, pensioners had seen an erosion of the value of their income, he said.

He pointed to a five-year pensions holiday and a surplus of £176m as evidence that the group could afford to join the 7 per cent of private sector companies which did index-link pensions.

Mr Tennant said the last increase of 6.7 per cent was based on inflation. The policy was to cover it up to 5 per cent and to act sympathetically above that level. But no open-ended commitment could be given.

Another shareholder complained that a television advertisement for Guinness was not dignified enough.

And on the question of the sex of directors – "drawn from only half the human race", Mr Tennant said: "We have 18 ladies in senior executive management positions and more than half our graduate intake in 1989 was female."

No one stopped to count the number of males and females in the rush for the Pimm's after the meeting.

Strong order book buoys John Laing

By Andrew Taylor, Construction Correspondent

JOHN LAING is ideally positioned to take full advantage of increased investment in the infrastructure of the UK and the likely upturn in the residential market in 1991, Mr Martin Laing, chairman, told shareholders yesterday.

Speaking at the construction group's annual meeting, he said the company had a strong order book and balance sheet. Its low gearing and minimal exposure to commercial property contrasted with many of the group's competitors.

"John Laing Construction is performing well in the first half of 1990. Building, civil engineering, management and international contracting are all on budget. We have recently been awarded two important contracts – the second Severn crossing, in joint venture with GTM of France, and the new Toyota facility in Derbyshire," said Mr Laing.

"There is now a general acceptance of the need for increased expenditure in the transport, energy, water and pollution fields. This provides an excellent opportunity for companies with Laing's expertise and capability. I am confident that we will be a significant force in these areas as the opportunities arise."

Mr Laing said high interest rates had continued to affect the UK housing market. "We now expect to sell fewer houses in the UK in 1990 than we did in 1989." The US market was also softening and sales would be down this year.

Private housing starts in the UK in the first quarter of 1990 were 30 per cent below the corresponding period last year. Completions were 19 per cent lower.

"An upturn in the UK housing market, however, is inevitable. The demand is there, so in the future there will certainly be improvements in this part of the business," said Mr Laing.

Gardner disposal

DC GARDNER has reached agreement to sell Cordon Bleu Cookery School (London), part of the Constance Spry Cordon Bleu Group acquired in 1989, for £643,777 cash.

Hazlewood £3m sale

Hazlewood Foods has sold Kanes, a vegetable farming business, for £3mto Dr John Randall, a director of Hazlewood, who will resign from the board

Coal Pension Funds pre-empt Globe defence

By John Thornhill

THE BRITISH Coal Pension Funds have got their retaliation in first and have sent another circular to Globe's shareholders arguing the merits of their £1.03bn offer ahead of the investment trust's formal defence document, which is expected today.

The funds attacked Globe's record over the last 10 years arguing that its net asset value had underperformed against the FT-Actuaries All-Share Index.

If the Trust's nav per share had matched the share index during this period it would now stand at 241p, the funds claimed, not the 204.6p recently reported to the Association of Investment Trust Companies.

The funds also poured scorn on Globe's propaganda which has made great play of its involvement in providing venture capital to small businesses.

The funds claimed that there were over 170 venture capital organisations in the UK and that they had themselves invested over £500m in venture capital since 1977. This, they said, made them the second largest provider of such funding after 3i, the specialist venture capital organisation.

Mr Barry Southcott, managing director of CIN Management, which runs the British Coal Pension Funds, also questioned what would happen to Globe's share price should the bid lapse for any reason.

He argued that without the offer the discount between Globe's share price and nav might well widen further to up to about 20 per cent.

Advisers appointed on £320.5m of B&C stock

By David Owen

ROYAL EXCHANGE Trust, which was recently appointed attorney for £320.5m worth of British & Commonwealth Holdings 7¾ per cent convertible unsecured lean stock (CULS), has appointed Kleinwort Benson, Touche Ross and solicitors Simmons & Simmons as advisers on the matter.

Among the topics that the trio are looking into is the basis for B&C's assertion earlier this month that "creditors, other than the senior creditors, would be unlikely to receive any repayment of amounts due to them from B&C if the alternative of appointing an administrator or liquidator was followed."

"They are examining the whole of the financial background", Royal Exchange said yesterday.

CULS holders, who rank in the second tier of B&C creditors, are trying to decide whether pressing for immediate repayment is a better option than effectively sanctioning a B&C survival plan drawn up by SG Warburg, the merchant bank.

Meanwhile, B&C bondholders departed a presentation of the company's proposals at solicitor Allen & Overy's Watling Street offices on Wednesday after more than two hours. The holders are believed to have agreed informally to reassemble next week after considering the plan in more detail.

IN BRIEF

ECKENHAM GROUP has cquired a further ductwork ngineer, the West Midlands-ased Mabill Holdings, for a aximum £1.6m in cash and ares. For the year to March 1 1990 it made pre-tax profits f £294,000 on turnover of .6m.

OMPANY OF DESIGNERS is quiring the Design Group of oyal County of Berkshire. he negotiated package, timated to be worth £2.5m fee income, is based on £25m three year guaranteed orkload which is part of e county's capital proamme.

NTERPRISE OIL: Mr William ell, chairman, told the annual eeting that future expansion ould come from organic owth as well as possible quisitions. The acquisitions had made had strengthened e company and provided petus to earnings and profit owth.

XECUTEX CLOTHES: Premierflag speaks for over 94 per nt of the capital. The offer is conditional and remains en.

EGAL AND GENERAL has ught the remaining 90 r cent of the business of rk Estates, the Newcastle-sed estate agent, for £2m; d has assumed borrowings of .5m.

BS is to merge its existing gineering operation with at of Extel Information Technology, which was acquired rlier this month for a consideration of £1.

EWMAN TONKS has quired Harris Architectural etalwork for £1.2m met by sh and the issue of 348,125 ares at 160p.

VALAL is acquiring from BP Nutrition the and lease on the plant research and development laboratory at Ascot, Berks, for £400,000.

PEEK: Orders for connectors, largely due to British Telecom's policy decision to delay purchases, were slow in the first three months of 1990 but improved in April, Mr Ken Maud, chief executive, told the annual meeting. Order books in the core businesses showed an overall increase.

P&P: Mr Roland Smith, chairman, told the annual meeting that results for the half year to May 31 would reflect the excellent progress the group had made since the year end. It had signed a distribution agreement with Digital Equipment Corporation to distribute its microcomputer products.

RENOWN now owns or has received irrevocable undertakings in respect of 81.67 per cent of Aquascutum's issued ordinary shares and 64.16 per cent of the issued A ordinary, representing in aggregate 66.16 per cent of the total issued equity share capital.

WEMBLEY: Mr Brian Wolfson, chairman, told the annual meeting that bookings and orders in first quarter were ahead of budget. He said that at present they had ten concert days at the stadium this summer compared with four in 1989, as well as the Cup Final replay. Events at Wembley Arena were also up on last year.

WHITECROFT has sold MD Lighting to Cascade Electrolite for a nominal consideration. However Cascade will eliminate £925,000 of bank borrowings.

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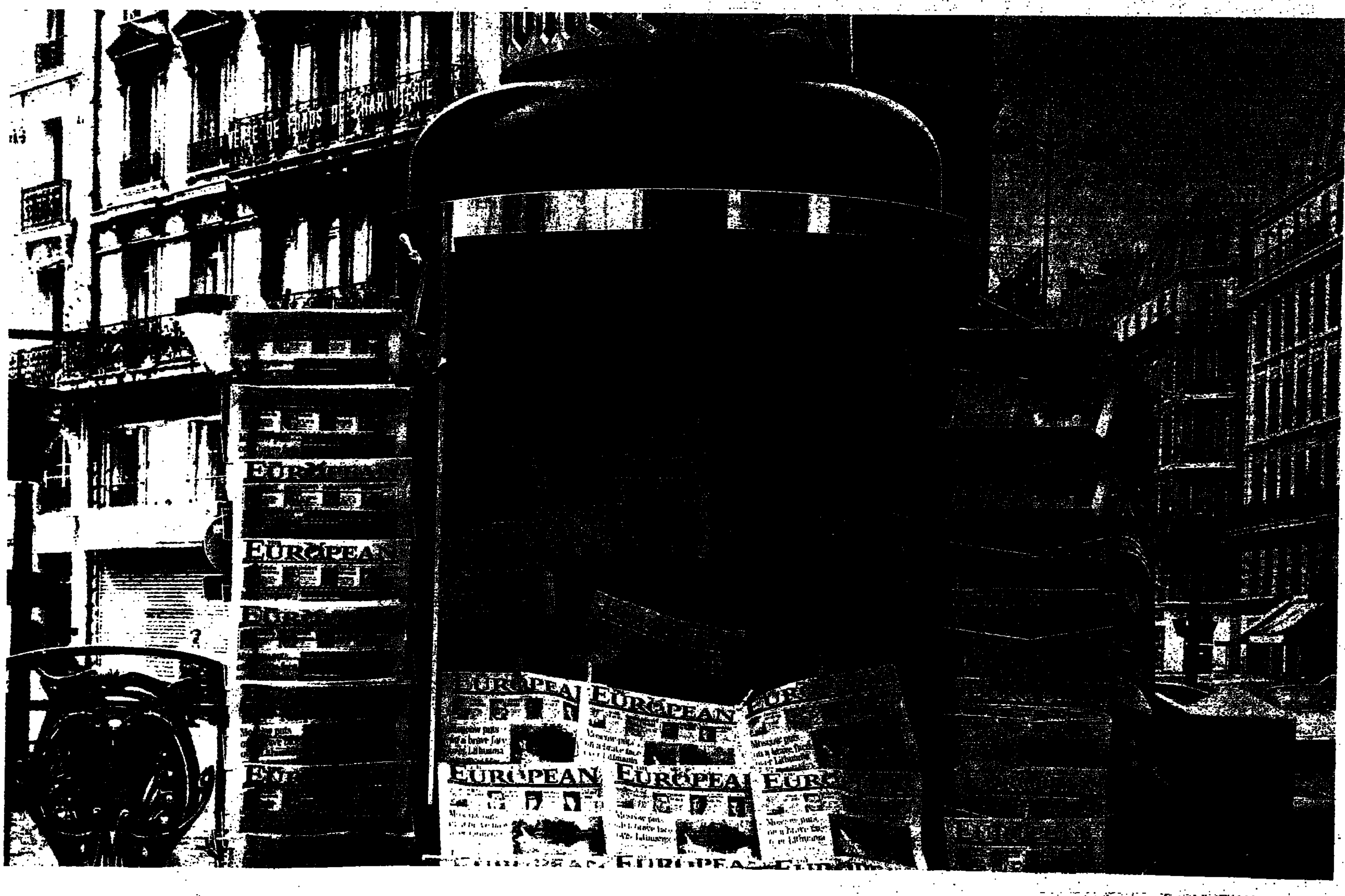

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TECHNOLOGY

Vertical treatment for flue gases

Peter Marsh looks at how a design change is improving industrial scrubbing systems

A cut-price way of cleaning up flue gases from power stations and other industrial systems is about to be tested in the US by a subsidiary of a Danish company which is the world's largest maker of cement-production equipment.

FLS Miljo is part of FLS Industries, which for several decades has been a major force in cement kilns and similar industrial hardware. FLS is one of Denmark's biggest industrial groups, with annual sales of about DK10bn (£950m).

In the past few years, the company has diversified into environmental control systems, among them equipment to remove sulphur-dioxide and other acid gases from waste streams. It set up Miljo as a separate unit in 1988.

Erik Hoffmann-Petersen, president of Miljo, says FLS sees anti-pollution hardware as a big area for growth over the next decade. Miljo expects to have sales this year of about DK450m, up from DK360m in 1989, which according to Hoffmann-Petersen makes Miljo Denmark's fastest expanding company supplying environmental protection equipment. He hopes to raise revenues above the DK1bn level within three years.

Part of Miljo's strategy is centred on new clean-up equipment for industrial gases. An experimental system based on these ideas is due to be installed by early next year at a power station in Shawnee, Kentucky. The power station is a test plant run by the Tennessee Valley Authority, a US electricity group.

If the Danish equipment operates as planned in Kentucky, it could be scaled up to provide equipment for fitting to large, operational power stations and which would be 10 times bigger. The US Department of Energy is paying for the DK25m clean-up system at Shawnee in a scheme to evaluate anti-pollution projects.

Removal of acid gases from many types of industrial equipment is vital to reduce acid rain and other forms of pollution. It is generally accomplished by scrubber systems. These pass flue gases through a water-based slurry of lime in big chambers. The process turns gaseous sulphur dioxide into calcium sulphate, a solid.

The new system from Miljo to be tested in the US uses the same principles as traditional scrubbers. These have been developed by a number of companies including Mitsubishi of Japan and Sweden's Fläkt, part of Asea Brown Boveri.

Like conventional systems, the FLS hardware uses lime, which is a mixture of water with calcium oxide or calcium carbonate, to react with the gases.

The Miljo hardware, however, reduces the size and expense of the clean-up installation by changing the design of the chamber in which the chemical reaction takes place.

In the equipment, the lime is directed via nozzles at the gas stream as it moves up a vertical column. That is different to conventional scrubbing systems which spray lime into the gases in a large chamber in which the gases move laterally.

The Miljo design ensures that the gases stay in contact with the calcium oxide for a longer time than in the conventional systems.

It also recycles some of the lime used in the system to reduce the need for large amounts of this chemical. The equipment includes ancillary hardware to filter out ash and dust. It re-circulates some of this material along with the lime via the nozzles. The presence of the ash and dust aids the chemical reaction, reducing the acid content of the flue gas, according to FLS.

The overall impact of the new design, says Hoffmann-Petersen, is to reduce the size of the complete system compared to similar equipment. That means a Miljo system can be installed for two-thirds of the price of a traditional scrubber. He envisages a full-scale gas-removal system of the kind that FLS could fit to operational power stations as costing between DK70m and DK150m.

Versions of the Danish clean-up equipment that will be installed in the US are already in use in six municipal incinerators in Denmark which burn household waste. The systems, which are relatively small, remove sulphur dioxide and other gases such as hydrogen chloride from the waste streams of these plants.

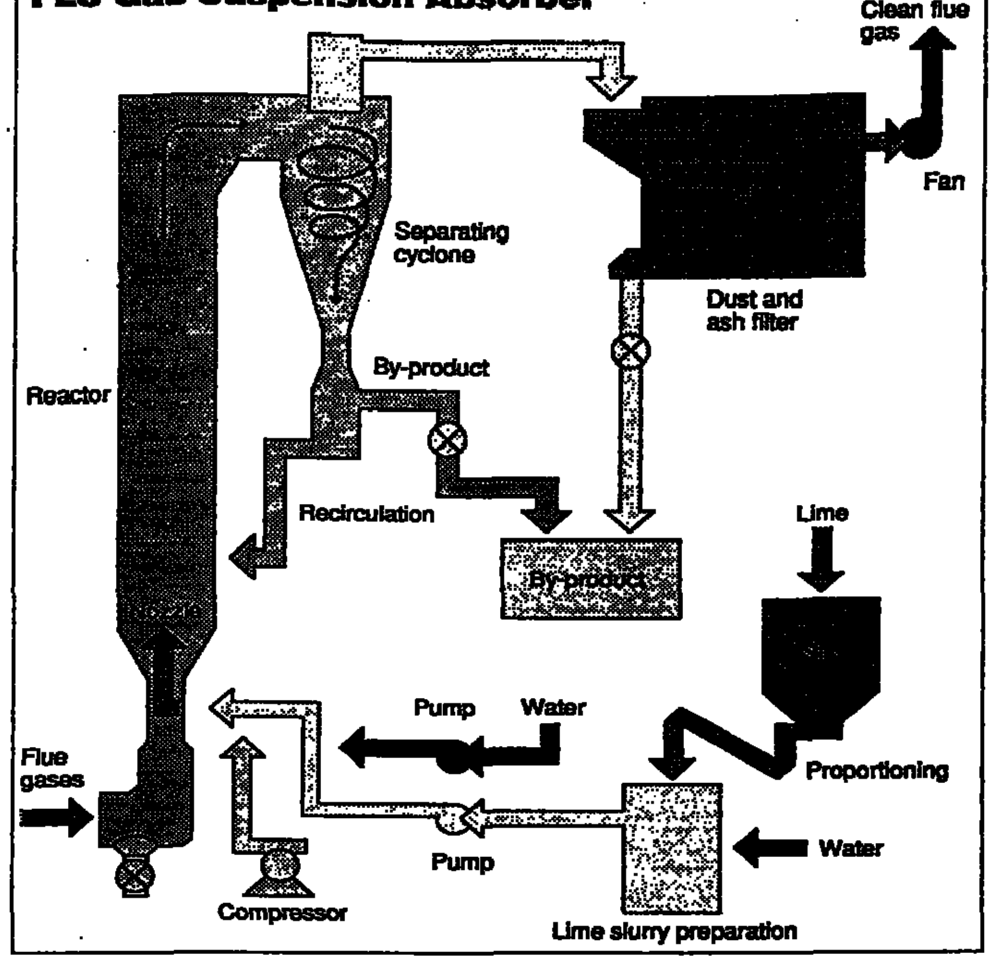
The importance for Miljo of its work in Kentucky is that this might give it a foothold in the large business in North America of removing acid gases from power stations. Miljo already gains 25 per cent of its revenues from the US. To help in its process of expanding there, Miljo recently bought Airpol, a small environmental-control company based in New Jersey.

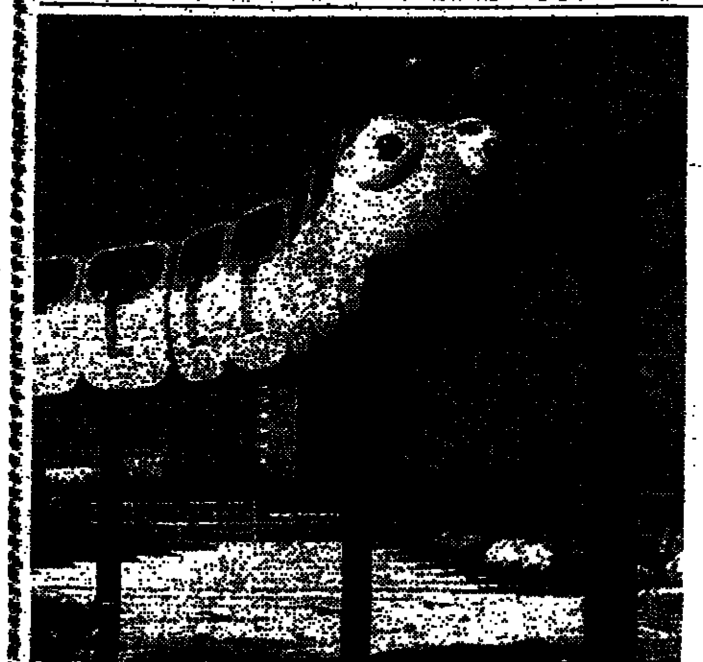
Together with the new acid-gas clean-up hardware, Miljo sells conventional scrubbing equipment which is based on Mitsubishi technology. It also sells electrostatic precipitators, which are systems for removing dust and other particles from large industrial plants such as cement works.

As part of its plans for future developments, Miljo is working on new systems for treating through incineration technology soil contaminated by chemicals and other pollutants. This is a big issue in Denmark which has some of Europe's toughest anti-pollution laws.

Miljo gains about a third of its overall sales from Denmark, where the company has built up expertise in supplying general anti-pollution technology to coal-fired power stations. The company is also strong in Sweden and Finland and is trying to expand in the Far East. It has had little success so far, however, in West Germany where much of the pollution technology business is under the firm control of German suppliers such as Lurgi and Thyssen.

FLS Gas Suspension Absorber




Monorail built by NEI Becorit, a mining equipment company

Clive Cookson rides a caterpillar to view a garden festival flourishing on reclaimed industrial land

Low-cost techniques help to turn Gateshead green

Giant green-and-yellow caterpillars will be crawling across the National Garden Festival site on Tyneside today, when the Princess Royal opens what is expected to be largest tourist attraction in Europe this year.

The caterpillars are not an unwelcome insect infestation but vehicles for 4m visitors to view 200 acres of riverside landscape, transformed out of poisoned industrial wasteland at Gateshead. They are the carriages of an innovative monorail system which symbolises the festival's low-cost high-return approach to technology.

"We could have spent several million pounds on a fancy Japanese monorail system," says David Copeland, the festival's executive director. That would have taken too big a slice of his £65m budget. Instead he was the first buyer of an entirely new monorail with an industrial pedigree that could hardly be more appropriate for a festival on the edge of the Durham coalfield.

The elevated monorail beam railway was developed by NEI Becorit, a mining equipment company based in Derbyshire which has until now specialised in building underground railways for deep mines. "With the decline in orders from our major customer, British Coal, we have decided to diversify into other markets," says Peter Cooke, the company's commercial director.

The NEI monorail is an intrinsically inexpensive system. But as the launch customer the National Garden Festival got the whole railway – including two stations, two km of elevated steel track and 10 glass-reinforced plastic trains with a capacity of 24 people each – for the bargain price of £800,000. Copeland has already sold the railway on to the Netherlands for about £700,000. After Gateshead festival ends in October, it will be dismantled and re-installed in 1992 at Floreada, the 10-yearly Dutch flower festival near the Hague.

The trains operate automatically without drivers. But there is no overall system computer control. Each train has a programmable logic controller (a standard industrial microcomputer) which varies its speed according to where it is on the track and how far from the train in front.

Sensors (infra-red diodes) spaced out alongside the track step down the electricity supply by 0.6 volts as a train passes by. The precise voltage the train receives tells it how close it is to the one in front. Its computer makes sure that the gap is never less than nine metres.

As a general principle, the festival organisers have avoided expensive high technology and gone for the minimum required to do an effective job. There is a comprehensive irrigation system, which enables staff to water the site with automatic sprinklers.

But Andrew Legg, the horticultural director, has to decide when and for how long to run the sprinklers, with the help of soil moisture figures calculated by the government's Agricultural Development and Advisory Service. "We didn't have the money to go for a sophisticated computer-controlled system that would have read rainfall gauges and adjusted the watering automatically," he said.

Reclamation of the Gateshead site from the poisoned debris of derelict gasworks, tarworks and cokeworks employed materials technology. A "capillary brake blanket," consisting of thick layers of crushed dolomite, was laid on top of the most polluted areas before clean new soil was brought in. This blanket allows water to drain from the site but blocks the upward passage of toxic chemicals.

In addition to about 100 individual gardens, the festival has several indoor exhibitions concentrating on science and technology:

- Discover the Nature of Change. Universities and polytechnics in the North East demonstrate how the local environment has changed over the last 350m years and how it will change in the future if present trends continue.
- Bodyworld. Northern Regional Health Authority puts on what it says is the world's largest interactive health education display. Animated models put over familiar themes such as healthy eating, no smoking, moderate drinking and safe sex. Dickie Heart is transformed into Richard the Iron Heart. There is even an interactive soap opera, featuring young Tynesiders, in which the storyline is decided by advice from the viewer.
- Journey to the Centre of Electricity. Northern Electric tells the story of electricity, its discovery and impact on life now and in the future.

COMMODITIES AND AGRICULTURE

Health and harmony in the EC's single market

Tim Dickson looks at the difficult questions facing farm ministers at next week's Brussels meeting

CRUCIAL negotiations over how best to achieve a genuinely single European market in animals and animal products will resume in Brussels next week.

The outcome will affect billions of dollars worth of external trade, ruffle national sensitivities much more than the annual haggling over farm gate prices and have an important bearing on the ultimate success or failure of the EC's wider internal market agenda.

The heart of the problem is how to eradicate animal diseases so that member states will be persuaded that abandoning border controls come 1992 will not increase the risk of infection as other countries' pigs, cattle and sheep move freely from one part of the Community to another.

Monday's main business item for the Agriculture Council – a proposal to end vaccination against foot and mouth disease – is directly relevant to this issue. But it is only one of a still vast number of harmonisation measures that Farm Ministers have to agree in the next two and a half years, covering everything from animal and plant health, animal welfare and zootechnical standards to the hygiene conditions in which animal products are prepared.

Political progress in these sectors has been snail-like for a number of reasons, not just the extreme delicacy of the questions involved. One of the most important but least understood is the fact that decisions in the veterinary area have in practice to be endorsed by all 12 EC countries, even though the proposed legal base generally allows a qualified majority vote. The reason is a highly technical squabble between the Council of Ministers and the Commission over the powers of implementing committees, which can only be resolved in the Council's favour if member states unanimously reject the Commission's approach.

Time, however, (1992 in this case) waits for no man. Whereas exceptions to free trade could be easily made for Britain, Ireland and Denmark when they joined the EC in the early 1970s – indeed the disease problem was seen to be the most important consideration – the overriding priority now being given to the attainment of the single market means that solutions must be found quickly.

With the predictably tortuous price negotiations now safely behind it, the Irish presidency of the EC has decided that it is time to make a determined push, notably in the field of animal health. Five items reasonably ripe for agreement (though not necessarily final agreement) will be discussed at next week's meeting, and the hope is that Mr Michael O'Kennedy, the Irish Farm Minister, will tie up these and several others at the newly rearranged Council on June 25 and 26.

The foot and mouth disease question will certainly be the most contentious one on Monday, even though all member states except Belgium appear to favour the Commission's approach in principle. In short the Brussels plan is that vaccination – still common in several EC countries though not in Ireland, Denmark and the UK – should be abandoned and that any outbreaks of the disease should in future be dealt with by a policy of compulsory slaughter.

A major reason behind this lies in the trade implications beyond 1992. At the moment, for example, important overseas customers for the EC's $US1bn of pigmeat exports like the United States, Japan and other countries of the Pacific Rim will only accept meat which comes from non-vaccinated areas. With a single European market and no internal EC border controls to keep out animals from such herds, there is rising concern that these valuable sales outside the Community could be jeopardised.

On top of this vaccination is considered unnecessarily expensive and far from stamping out the disease has been suspected in more than one case of actually causing an outbreak.

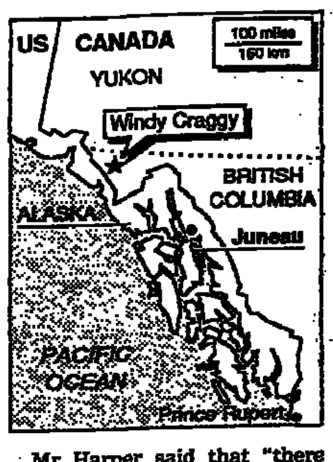
The big fear in all this is fear of the unknown, given that foot and mouth disease as one EC official admits can "spread like wildfire." That is why discussion of this issue next week will almost certainly be linked to the other main proposal, namely a framework directive to set up an EC veterinary fund. Under this the EC would be committed to paying roughly 50 per cent of the costs of urgent vaccination and compulsory slaughtering – a bill experts admit could in a real emergency be astronomical and would certainly dwarf the Ecu12m (£9m) that has been provisionally set aside for foot and mouth.

Three other items on next week's agenda – one of which may be agreed – concern trade in horses, harmonised rules on access to stud books, and rules on prize money in horse racing.

Canadian mine plan sparks protests

By Bernard Simon in Toronto

TWO US Government wildlife agencies have protested strongly to the Canadian Government about plans to build one of North America's biggest open-pit copper mines in a remote and environmentally sensitive part of northern British Columbia.



The Fish and Wildlife Service warned in a letter to an Environment Canada official this week that exploitation of the Windy Craggy deposit, near the top of a 6,500 ft mountain close to the Yukon-Alaska border, "creates a potential of ultimately massive environmental loss." A similar letter was sent by the National Marine Fisheries Service.

Windy Craggy is owned by Geddes Resources of Toronto, shareholders of which include the two Canadian mining companies, Cominco and Northgate Exploration.

The mine would produce about 500,000 tonnes of concentrate a year. A recent exploration programme points to reserves of 165.4m tonnes averaging 1.8 per cent copper, as well as a significant gold, cobalt and silver content.

Geddes initially aimed to have the mine in production by 1994, but Mr Gerald Harper, the company's president, said that the unexpectedly lengthy environmental assessment process, which will include public hearings, was likely to delay construction. Geddes itself has been holding public information meetings in several communities in Alaska and the Yukon over the past two weeks.

Mr Harper said that "there are some areas where we've acknowledged already that we don't have all the answers or need to do some more work."

The proposed mine site is between two glaciers and close to both US and Canadian wildlife parks. US environmental officials are especially concerned at the damage which acidic run-offs from the mine will do to rich salmon spawning grounds in the area. They also object strongly to Geddes' plans to dispose of waste on one of the glaciers, and to dam a nearby river.

The US agencies were asked by the British Columbia and Canadian Governments to review an initial environmental impact study submitted by Geddes earlier this year. The Canadians are likely to ask for further studies, but a US fisheries official said that "our bottom line is that this project should not go further."

Storm clouds gather over the world's rainforests

Conservationists warn that time is running out as logging continues unabated, writes John Hunt

ACCOUNTS OF the destruction of the rainforests abound with horrific statistics. According to Friends of the Earth, forest clearance by burning could account for 30 per cent of the carbon dioxide build-up that causes global warming – the greenhouse effect.

The Fauna and Flora Preservation Society says 12.5m acres of tropical forest are destroyed or seriously damaged every year to obtain timber.

Professor Norman Myers, a leading environmental consultant, says that without an integrated world effort of sufficient scope to preserve the rainforests there is every prospect that we shall witness their demise within a few decades.

But environmentalists complain the drive to save the forests has become bogged down. These vast areas (covering 14 per cent of the earth's surface in South and Central America, Africa and Southeast Asia) are still suffering the depredations of the commercial logger, the cattle rancher and peasant farmers driven from their homelands who try to scratch a living in cleared forest areas.

The current target for the "green" movement is the Tropical Forestry Action Plan, which was drawn up by the UN Food and Agriculture Organisation in 1984. Industrialised countries channel much of their development assistance through it to aid national rainforest conservation plans.

"At the moment we are losing the battle against deforestation but we are still hoping to turn the tide," says Mr Simon Counsell, rainforest campaigner for Friends of the Earth. Together with the World Rainforest Movement and the Ecologist magazine, FoE has called for a moratorium on financing the plan until reforms are carried out. They say it does nothing for landless settlers or indigenous tribes and promotes a massive increase in logging in the virgin forest because of its bias in favour of the timber industry.

A report from a meeting of African, Asian and Latin American environmentalists complained that the plan "totally ignored the rights of indigenous people who live and derive their livelihood from natural forests."

The target for government funding of the action plan was set at $8bn over five years, but far less has been given. In evidence to the House of Lords European Communities Committee, which recently reported on the rainforest, FoE said that only 10 per cent of the funds received had been allocated for the protection of forest ecosystems. The regional plan for Latin America allowed only 1.5 per cent of allocated expenditure for conservation while that for Cameroon allowed 8.5 per cent, compared with 27.4 per cent for forest-based industrial developments such as road building, sawmills, equipment and provision of technical staff.

The FAO has set up an independent review to examine the action plan and make recommendations for reform.

The environmental movement is also critical of the conservation efforts of the International Tropical Timber Organisation, the UN-sponsored intergovernmental organisation representing 44 countries which trade in or produce timber.

On May 29 the European Council of Overseas Development Ministers meets to consider a European Commission policy document on tropical forests which is proposing that protective measures should continue within the ITTO and the action plan.

It is suggesting a voluntary code of conduct to ensure that imports of tropical hardwoods come only from operations that embrace ecologically-sound management policies.

Some "green" pressure groups would like the Community to insist on mandatory regulations instead of a voluntary code, while others demand a complete ban on EC imports of tropical hardwoods.

The Lords committee declared, however: "Calls for a ban on all imports of tropical timber into the Community should be resisted. Enhanced market value for timber and other tropical forest products in Europe could provide an incentive to producer countries to increase their emphasis on sustainable management." And the Timber Trade Federation says that a unilateral ban would merely deflect wood products to other importing countries which show less concern for forest conservation.

Forests Forever, the British timber trade campaigning group, says that over 80 per cent of UK tropical timber comes from nine countries – Malaysia, Indonesia, Philippines, Brazil, Guyana, Ghana, Ivory Coast, Liberia and Cameroon.

In 1988, the UK imported 1.5m cubic metres of tropical sawn wood, plywood, veneer and logs.

But Forests Forever says that even if the UK stopped importing it would make no difference as its needs are dwarfed by the major timber importing countries in the Far East – Japan, Taiwan, South Korea, Hong Kong, India and Thailand.

This week the ITTO is holding a meeting in Bali to consider a report by a team headed by Lord Cranbrook, chairman-elect of the Nature Conservancy Council for England, which has been investigating forestry practices in Sarawak at the request of the Malaysian Government.

According to some estimates less than 67,000 sq km now remains of the 124,449 sq km of original forest in Sarawak and it is estimated that at current rates the virgin forest there could be destroyed in seven or eight years.

THE VALUE of the non-timber products in tropical rain forest is "rarely recognised," the Prince of Wales yesterday told a rain forest harvest conference in London, organised by Friends of the Earth, writes John Madeley.

Yet the rain forests have "fascinating products" he said, that "already enrich our lives in one form or another and could enrich our lives a great deal more."

"That we should treat this profusion of natural wealth with such utter contempt continues to astonish me," said the Prince.

The conference had been called to draw attention to the value of tropical rain forests left standing rather than cut down or burned.

Participants were told that research in the US had shown the economic value of sustainably managed forests might be more than three times that of cut forests.

"The bottom line to the idea of harvesting the rain forest," the Prince explained, "is that its cash benefits must be demonstrable and must be superior over a period of time to other potential uses of the rain forest."

In a thinly-veiled criticism of governments of industrialised countries, the Prince also said that in visits last year to Venezuela, Indonesia, Nigeria and Cameroon, "I met people who care as passionately about the environment as I do but who are increasingly impatient at prosperous northern governments wearing their green hearts on their sleeve whilst doing much less than they could to assist the poorer south to protect its environments."

The harvesting and marketing of forest fruits is now attracting great attention as a means of livelihood for the forest peoples and of preserving the biological diversity of these areas.

The goal is to find, collect and document valuable plants before overpopulation and destruction of habitats destroys them for ever. Economic botany is a burgeoning field of study of plants that are directly or indirectly utilised for food, fuel and medicine.

Nearly half of all prescription medicines sold in the US are based on plant products.

These products have a big commercial potential. The hybrid canna lily of Asia produces the world's largest known starch grains. The cocona – or peach tomato – grows in abundance in Peru and can be easily processed and bottled as a juice or sauce high in iron and vitamin A.

In Amazonian Brazil 13 categories of plant use were identified, ranging from human food to construction materials.

But it is a race against time to save these species. Prof Myers says that tropical forests contain at least 70 per cent of all Earth's species and extinction rates are estimated to have risen as high as 20 to 50 species a day. However, deforestation appears to have increased by 90 per cent during the 1980s.

"If tropical deforestation persists in accord with recent trends it will cause the elimination of tens of millions of species, plants and animals," he warns.

"When a species has gone, it has gone for good – and that will often be bad in terms of human material welfare."

Gold market glasnost

By Kenneth Gooding, Mining Correspondent

THE US Bureau of Mines has uncovered the first statistics published by the Soviet Union about its gold production for more than 50 years.

The chairman of the Republic of Uzbekistan's council of ministers has revealed that Uzbekistan's annual gold output is worth between $790 and $910m.

Mr Richard Levine, the US bureau's Soviet specialist, says this indicates that Uzbekistan's gold output is between 60 and 80 tonnes a year or 1.9m to 2.6m troy ounces.

Most of Uzbekistan's gold comes from the Muruntau deposit, which some western observers have suggested is the world's biggest gold mine. However, Mr Levine says production at Muruntau is probably in the range 45 to 65 tonnes a year, or 1.4m to 2.1m troy ounces, placing it behind South Africa's biggest mines.

Tin stocks fall forecast

By Lim Siong Hoon in Kuala Lumpur

WORLD TIN stocks, which rose by 30 per cent to 43,200 tonnes in the year to end-February, should be reduced to 37,200 tonnes by the end of 1990, said Mr Redzwan Sumun, executive secretary of the Association of Tin Producing Countries.

This should be possible because the Brazilian government is curbing smuggling. Supplies from this source should be reduced to an annual 6,000 tonnes against 13,000 tonnes last year.

Brazil is the world's largest producer but is not an ATPC member. China, another non-member, has agreed to limit exports to 15,000 tonnes in 1990.

WORLD COMMODITIES PRICES

MARKET REPORT

LONDON METAL Exchange prices were up across the board yesterday, though the scale of the rises was decidedly modest. Proportionately the biggest rise was in lead, where demand for nearby supplies lifted the cash price by £9.50 to £503.50 a tonne and widened the premium over the three months price from £3.50 to £6 a tonne. Copper staged a small rally following its 4-day, £170-a-tonne fall, with the cash quotation gaining £11.50 to £1,589 a tonne. Dealers said market activity was largely technical, however, and there was still a general lack of fresh buying interest. In Chile Codelco's new management announced that it had reduced its copper production estimate for this year from 1.29m tonnes to 1.19m tonnes. But another announcement said the country's 320,000-tonnes-a-year Escondida mine would come on stream in December, 7½ months ahead of schedule. Cocoa prices surrendered some of Wednesday's strong advances with the July position closing £14 lower at £930 a tonne. The decline was prompted by a downward revision in the figure for first quarter US bean grindings. But Ivory Coast unrest was still underpinning the market.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.05-5.15q	
Brent Blend	$17.80-7.85q	-0.05
W.T.I. (1 pm est)	$19.52-9.54q	-.045
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$231-233	+2
Gas Oil	$156-157	
Heavy Fuel Oil	$70-72	-1
Naphtha	$154-155	-1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369.25	-0.75
Silver (per troy oz)♣	505c	+1.00
Platinum (per troy oz)	$488.90	+4.25
Palladium (per troy oz)	$118.20	-0.55
Aluminium (free market)	$1525	+10
Copper (US Producer)	125.75c	
Lead (US Producer)	45c	
Nickel (free market)	395c	
Tin (Kuala Lumpur market)	17.05r	-0.11
Tin (New York)	301c	-1.00
Zinc (US Prime Western)	87c	
Cattle (live weight)†	107.51p	-5.89*
Sheep (dead weight)†	219.35p	-0.02*
Pigs (live weight)†	105.06p	+7.69*
London daily sugar (raw)	$352.0r	+1.00
London daily sugar (white)	$446.0t	+2.50
Tate and Lyle export price	£322.0	-2.00
Barley (English feed)	£112u	
Maize (US No. 3 yellow)	£142.5w	
Wheat (US Dark Northern)	£124	
Rubber (Jun)♥	55.75p	-0.50
Rubber (Jul)♥	56.25p	-0.50
Rubber (KL RSS No 1 May)	231.0m	+1.50
Coconut oil (Philippines)§	$377.5z	
Palm Oil (Malaysian)§	$282.5	-5.00
Copra (Philippines)§	$335	
Soyabeans (US)	£164v	-2.00
Cotton "A" index	85.90c	+0.35
Wooltops (64s Super)	538p	-7.00

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. q-Jul. t-May/Jun. u-Aug v-May/Aug. w-Jun z-Jun/Jul y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Aug	323.80	329.80	330.00 323.40
Oct	322.40	327.80	328.00 321.80
Dec	330.00	325.00	321.00
Mar	306.40	311.40	311.80 306.40
Aug	304.60	307.80	309.00 307.20
White	Close	Previous	High/Low
Aug	437.5	439.0	441.0 436.5
Oct	401.5	403.0	404.5 400.0
Mar	381.0	387.0	386.5 382.0

Turnover: Raw 1469 (2536) lots of 50 tonnes. White 832 (692)
Paris- White (FFr per tonne): Aug 2440, Oct 2244, Dec 2180, Mar 2155, May 2145

CRUDE OIL – IPE ($/barrel)			
	Latest	Previous	High/Low
Jul	17.80	17.83	17.85 17.67
Aug	17.98	17.94	18.00 17.80
Sep	18.07	18.09	18.07 17.94
IPE Index	17.85	18.02	

Turnover: 6553 (8834)

GAS OIL – IPE ($/tonne)			
	Latest	Previous	High/Low
Jun	153.75	153.75	154.00 153.00
Jul	154.25	154.25	154.50 153.25
Aug	156.00	156.25	156.00 155.00
Sep	158.25	158.25	158.25 157.50
Oct	160.50	160.50	160.50 159.75
Nov	162.00	162.75	162.25 161.50
Dec	163.00	164.50	163.25 162.50
Jan	163.00	164.25	163.00
Feb	161.25		161.50 161.25

Turnover 4483 (4831) lots of 100 tonnes

FRUIT AND VEGETABLES
Supplies of bananas (40-65p a lb) from Central and S.America, Windward Isles and W.Indies remain excellent along with Cape Black Grapes (70p-£1.10 a lb). Top quality kiwifruit, lemons, and strawberries are also star buys this week.
There is still plenty of top quality asparagus (£1.25-2.60 a lb) along with top quality potatoes and cauliflower.
English outdoor lettuce season has started two weeks early bringing plenty of top quality lettuce such as English Iceberg (60-75p each). Cucumbers and tomatoes are also top buys.

COCOA – London FOX (£/tonne)			
	Close	Previous	High/Low
May	912	929	927 910
Jul	927	944	944 922
Sep	941	958	960 939
Dec	954	977	977 951
Mar	976	993	993 973
May	988	1007	1008 987
Jul	1001	1021	1019 1001

Turnover: 7735 (6546) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 16 1141.47 (1098.35) 10 day average for May 17 1053.26 (1043.32)

COFFEE – London FOX (£/tonne)			
	Close	Previous	High/Low
May	642	647	645 636
Jul	658	668	665 650
Sep	671	681	678 671
Nov	684	697	691 684
Jan	703	707	703 699
Mar	713	719	713

turnover: 4863 (6112) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 16: Comp. daily 74.03 (72.06). 15 day average 72.64 (72.63)

POTATOES – BFE (£/tonne)			
	Close	Previous	High/Low
Apr	190.0	174.5	189.0 178.0
May	210.0	198.5	200.0

Turnover 309 (223) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)			
	Close	Previous	High/Low
Oct	122.50	124.00	122.50

Turnover 35 (131) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)			
	Close	Previous	High/Low
May	1319	1315	1320 1319
Jun	1240	1244	1252 1236
Jul	1138	1135	1140 1136
Oct	1240	1245	1250 1240
Jan	1265	1273	1270
BFI	1309	1305	

Turnover 110 (355)

GRAINS – BFE (£/tonne)			
Wheat	Close	Previous	High/Low
May	122.50	121.35	122.50 121.75
Jun	123.45	122.20	123.45 122.75
Sep	114.40	114.30	114.30 114.10
Nov	117.90	117.70	117.90 117.60
Mar	124.05	123.90	123.90
May	127.10	126.85	127.00
Barley	Close	Previous	High/Low
Sep	112.10	112.25	112.25
Nov	116.00	116.10	116.25
Mar	122.30		122.40
May	123.40		123.50

Turnover: Wheat 274 (307), Barley 45 (31)
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg			
	Close	Previous	High/Low
Jun	127.0	126.9	127.0 126.0
Aug	120.0	118.8	119.6 118.9
Nov	121.5	120.0	120.0

Turnover 93 (70) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 20,575 tonne
Cash	1525-7	1512-4	1526	1525-7		
3 months	1550-1	1538-9	1553/1542	1548-9	1546-50	44,366 lots
Copper, Grade A (£ per tonne)						Ring turnover 37,125 tonne
Cash	1588-90	1575-80	1612/1590	1612-4		
3 months	1504-5	1497-8	1513/1505	1510-2	1507-8	79,197 lots
Lead (£ per tonne)						Ring turnover 4,550 tonne
Cash	503-4	493-5	503	503-4		
3 months	497-8	490-1	498/492	495-6	495-6	10,070 lots
Nickel ($ per tonne)						Ring turnover 3,584 tonne
Cash	8525-50	8500-25	8550	8525-50		
3 months	8525-35	8480-500	8600/8475	8525-50	8580-600	7,846 lots
Tin ($ per tonne)						Ring turnover 2,255 tonne
Cash	6460-60	6440-60	6485/6475	6475-80		
3 months	6570-80	6555-65	6600/6580	6580-90	6580-5	6,081 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 18,700 tonne
Cash	1756-9	1745-50	1776/1759	1778-7		
3 months	1706-8	1694-5	1714/1695	1710-2	1696-7	18,414 lots

LME Closing £/$ rate: SPOT: 1.6910 3 months: 1.6640 6 months: 1.6377 9 months: 1.6153

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	369-369½	218½-219
Opening	368½-369	218¼-218¾
Morning fix	369.10	217.951
Afternoon fix	369.20	218.010
Day's high	369¾-370¼	
Day's low	368½-369	
Coins	**$ price**	**£ equivalent**
Mapleleaf	375-380	222-225
Britannia	375-380	222-225
US Eagle	375-380	222-225
Angel	375-380	222-225
Krugerrand	368-371	218-220
New Sov.	86½-88½	51-52½
Old Sov.	86½-88½	51-52½
Noble Plat	493.60-501.40	291.60-296.45
Silver fix	**p/fine oz**	**US cts equiv**
Spot	297.10	502.75
3 months	303.30	513.35
6 months	319.55	523.96
12 months	342.20	546.60

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1450	103	122	8	21
1550	38	62	42	57
1650	9	26	111	118
Copper (Grade A)	**Calls**		**Puts**	
2400	204	149	30	93
2500	136	102	61	143
2600	84	67	108	205
Coffee	**Jul**	**Sep**	**Jul**	**Sep**
600	64	67	4	16
650	28	35	18	34
700	9	33	49	62
Cocoa	**Jul**	**Sep**	**Jul**	**Sep**
900	51	78	21	35
950	26	52	46	59
1000	12	35	82	92
Brent Crude	**Jul**	**Aug**	**Jul**	**Aug**
1750				
1800	24			
1850	13			

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
May	369.5	369.0	0	0
Jun	370.6	370.3	371.4	369.7
Jul	373.0	372.7	0	0
Aug	375.5	375.1	376.1	374.6
Oct	380.4	380.0	380.5	380.4
Dec	385.2	384.7	385.8	384.1
Feb	390.1	389.8	390.0	390.0
Apr	394.8	394.3	394.0	394.0
Jun	399.9	399.4	400.2	399.6

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
May	489.4	484.1	0	0
Jul	492.9	487.6	493.5	488.5
Oct	499.3	493.9	499.0	495.5
Jan	505.5	500.1	505.0	502.0
Apr	511.7	506.3	0	0
Jul	517.9	512.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
May	502.6	501.0	502.5	502.5
Jun	504.0	502.5	506.0	506.0
Jul	509.0	508.5	510.0	506.5
Sep	516.3	514.8	516.0	515.5
Dec	527.9	526.4	530.0	527.0
Jan	531.7	530.2	0	0
Mar	539.3	537.8	539.3	539.3
May	547.4	545.9	0	0
Jul	555.6	554.1	0	0
Sep	564.2	562.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	121.20	121.70	123.25	121.00
Jun	118.90	118.65	120.00	119.00
Jul	114.90	114.40	116.40	113.90
Aug	110.40	110.20	111.50	110.30
Sep	109.20	108.70	110.40	108.40
Oct	107.95	107.35	0	0
Nov	106.60	106.05	0	0
Dec	105.20	104.70	106.20	104.50
Jan	104.20	103.75	0	0
Mar	102.20	101.80	104.00	104.00

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jun	18.92	19.03	19.03	18.72
Jul	19.60	19.52	19.64	19.37
Aug	19.91	19.80	19.94	19.71
Oct	20.31	20.15	20.31	20.08
Nov	20.32	20.18	20.33	20.15
Dec	20.32	20.19	20.33	20.13
Jan	20.27	20.16	20.27	20.13
Feb	20.25	20.14	20.25	20.09
Mar	20.25	20.12	20.25	20.05

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jun	5225	5163	5235	5120
Jul	5195	5158	5210	5110
Aug	5280	5251	5290	5210
Oct	5510	5499	5510	5475
Nov	5615	5593	5615	5560
Dec	5700	5686	5705	5665
Feb	5670	5646	5675	5625
Mar	5450	5446	5450	5425

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Jul	1447	1433	1452	1418
Sep	1464	1450	1475	1440
Dec	1485	1472	1492	1457
Mar	1500	1494	1500	1486
May	1523	1508	0	0
Jul	1538	1523	1520	1520

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	93.44	93.68	95.00	93.15
Jul	94.83	95.23	96.10	94.30
Sep	96.72	97.15	97.90	96.25
Dec	98.76	99.50	100.30	98.60
Mar	100.75	101.70	101.75	101.45
May	103.00	103.06	0	0
Jul	104.87	104.95	0	0
Sep	105.50	103.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	14.49	14.68	14.73	14.36
Oct	14.41	14.61	14.65	14.32
Mar	13.92	14.16	14.15	13.88
May	13.84	14.08	14.08	13.85
Jul	13.71	13.97	13.91	13.65
Oct	13.57	13.81	13.57	13.57

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Jul	76.15	75.24	76.18	75.33
Oct	71.22	70.33	71.25	70.45
Dec	68.50	67.91	68.68	68.10
Mar	69.33	68.62	69.33	69.00
May	69.65	69.00	69.65	69.35
Jul	69.55	69.03	69.60	69.35
Oct	63.50	62.55	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	190.30	195.00	194.50	190.00
Jul	192.90	194.15	194.00	192.00
Sep	188.50	189.75	189.70	188.50
Nov	183.00	182.35	183.00	181.00
Jan	178.25	177.65	178.50	177.00
Mar	178.00	177.95	178.00	178.00
May	177.50	177.50	0	0
Jul	177.50	177.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
May 17	May 16	mnth ago	yr ago
1911.9	1911.9	1927.6	2016.5

DOW JONES (Base: Dec. 31 1974 = 100)				
	May 16	May 15	mnth ago	yr ago
Spot	135.10	134.95	135.01	156.74
Futures	133.64	133.19	133.98	136.05

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	617/0	613/0	621/0	613/4
Jul	631/0	625/2	633/0	624/4
Aug	637/4	631/4	639/0	630/4
Sep	639/0	631/0	641/4	631/4
Nov	648/0	637/2	648/0	637/4
Jan	657/0	647/4	657/4	647/4
Mar	666/2	657/6	667/4	658/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	24.57	24.18	24.66	24.08
Jul	24.41	24.09	24.53	23.98
Aug	24.26	23.93	24.30	23.82
Sep	23.96	23.67	24.00	23.62
Oct	23.70	23.35	23.70	23.40
Dec	23.35	23.12	23.42	23.07
Jan	23.10	22.90	23.15	22.95
Mar	22.90	22.72	22.90	22.75

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	179.9	176.5	180.0	176.8
Jul	181.6	178.9	182.2	179.4
Aug	183.2	180.7	184.0	181.0
Sep	185.2	182.6	185.5	182.5
Oct	187.2	184.5	187.8	184.5
Dec	191.1	188.2	192.0	188.2
Jan	193.0	190.2	193.0	190.5
Mar	196.5	193.0	196.6	196.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	286/6	282/4	286/6	282/6
Jul	284/6	282/2	285/2	281/4
Sep	278/0	276/6	278/4	275/4
Dec	274/2	272/4	274/4	271/0
Mar	279/4	278/4	280/0	276/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	389/4	389/0	390/0	387/6
Jul	344/0	344/0	346/0	343/2
Sep	347/4	347/6	349/4	347/0
Dec	360/2	361/0	362/2	359/4
Mar	365/4	365/4	366/4	364/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	74.20	74.42	74.65	74.15
Aug	73.20	73.27	73.77	73.17
Oct	75.22	75.10	75.55	75.05
Dec	75.65	75.47	75.75	75.42
Feb	75.57	75.55	75.75	75.50
Apr	76.17	76.07	76.30	75.95

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jun	66.10	65.00	66.35	65.20
Jul	64.42	63.67	64.65	63.70
Aug	62.37	62.10	62.95	62.15
Oct	55.12	55.32	55.80	55.00
Dec	54.60	54.67	55.00	54.40
Feb	52.45	52.37	52.60	52.15
Apr	48.55	48.32	48.60	48.25

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	66.22	64.22	66.22	65.65
Jul	66.37	64.37	66.37	65.65
Aug	64.42	62.42	64.42	63.50
Feb	62.37	62.37	62.50	60.30
Mar	60.35	60.20	60.60	59.90

LONDON STOCK EXCHANGE

Sharp advance catches marketmakers

TRADING tensions in the UK equity market exploded yesterday when an unexpected shift towards optimism on prospects for British entry into the European Monetary System caught London marketmakers wrong-footed, and sent the market soaring by its biggest daily gain since October 1987.

Indications in a newspaper interview with Mr John Major, the UK Chancellor, that Britain was easing its stance on the EMS and its exchange rate mechanism brought demand for UK equities from Far Eastern and European investment institutions.

The FT-SE Index surged ahead by 63.3 to a final reading of 2,284.4, the highest close since January 25 but still well short of this year's high of 2,463.7 on January 3.

The unexpected upswing provided the final ignition beneath the strained technical situation in the London market, and inflicted serious trading losses on a number of securities firms which were caught short of stock. The losses suffered have heightened the pressures already caused by many weeks of low trading volume.

Once again the pressures originated in the futures market, where the FT-SE June contract rose to a premium of around 50 points. Marketmakers, alarmed by this spread and by the shortages of Footsie stocks in their trading books, were forced into the underlying market, where they had to compete with the institutional buyers.

The final spur came when Wall Street opened sharply higher after the announcement of an $8.45bn March trade deficit, better than some forecasts.

The market started the day slowly, with UK securities houses not greatly impressed by the press interview with Mr Major. However, the report attracted greater attention in the Far East and in Europe and, when the futures market opened strongly higher, the Footsie Index quickly extended its gain. Equities were boosted by firmness in the pound, in sterling futures and in UK gilts, all signalling hopes that full EMS entry would mean that a stronger UK currency would allow domestic interest rates to be cut sooner than expected.

The market paused briefly on the disclosure of a cumulative PSBR of £2.1bn in April, and awaited New York's opening with a 46-point Footsie gain. When Wall Street started strongly, London equities renewed their upturn, hoping for favourable news from a speech scheduled overnight by the UK Chancellor.

Trading volume was the second highest daily figure this year, as measured by the Seaq total of 645.4m shares. But this incorporates both inter-dealer and customer business, and yesterday's total undoubtedly took in a high proportion of inter-market trades as securities houses battled for stock with one another.

Account Dealing Dates

*First Dealings:		
Apr 30	May 14	May 29
Option Declarations:		
May 10	May 24	Jun 7
Last Dealings:		
May 11	May 25	Jun 8
Account Day:		
May 21	Jun 4	Jun 18

*New time dealings may take place from 9.00 am two business days earlier

FINANCIAL TIMES STOCK INDICES

	May 17	May 16	May 15	May 14	May 11	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	78.49	76.91	77.05	76.95	77.05	86.70	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.93	86.13	86.13	86.07	85.93	97.03	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1795.7	1739.6	1731.6	1733.5	1708.8	1810.1	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	217.1	218.0	217.8	224.2	227.7	175.0	378.5 (8/2)	215.5 (3/5)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2284.4	2221.1	2212.2	2214.5	2175.9	2177.3	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.12	5.27	5.27	5.25	5.32	4.37				
Earning Yld %(full)	11.53	11.83	11.80	11.77	11.92	10.63				
P/E Ratio(Net)(☆)	10.49	10.22	10.24	10.27	10.13	11.35				
SEAQ Bargns 4.45pm	30,801	24,385	23,680	22,957	25,050	32,161				
Equity Turnover(£m)†	-	875.32	730.42	733.95	876.75	1551.76				
Equity Bargains†	-	23,816	23,322	21,907	24,619	35,333				
Shares Traded (ml)†	-	373.8	311.6	330.1	418.6	551.2				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.39

Ordinary Share Index, Hourly changes — Day's High 1796.0 — Day's Low 1744.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1744.9	1755.0	1765.8	1770.1	1775.4	1784.7	1785.0	1785.3	1791.4

FT-SE, Hourly changes — Day's High 2284.4 — Day's Low 2227.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2227.7	2241.4	2252.1	2257.9	2261.4	2271.1	2270.4	2271.3	2279.2

GILT EDGED ACTIVITY

Indices*	May 16	May 15
Gilt Edged Bargains	58.5	98.3
5-Day average	95.0	104.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share index. Tel. 0836 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	2,700	180	+5
ASDA Group	8,800	104	+3
Abbey National	2,700	199	+5
Allied-Lyons	1,500	468	+16
Amstrad	717	68	+1
Anglian Water	1,300	165½	+3½
Argos	5,400	203½	+8½
Argyll Group	2,300	222	+7
Ass. Brit. Foods	69	386	+7
BAA	479	403	+3
BAT Inds.	3,100	698	+3
BET	3,700	239	+6
BICC	4,100	408	+5
BOC	2,100	542	+23
BPB Inds.	804	227	+9
BTR	6,000	412½	+12½
Barclays	2,900	549	+12
Bass	1,000	1013	+26
Beazer	132	137	+2
Beresford Int.	65	135	+1
Blue Circle	3,800	225	+7
Boots	3,600	282	+11
Brit. Aerospace	3,200	517	+8
British Airways	2,900	208	+4
British Gas	10,000	217½	+6
British Land	420	349	+8
BP	8,900	330	+6
British Steel	12,000	147	+2
British Telecom	13,000	280	+14
Bunzl	815	92	+3
Burmah Oil	488	598	+16
Burton	4,600	175	+6
Cable & Wire.	2,200	518	+15
Cadburys	3,600	337	+15
Calor Group	616	271	+8
Carlton Comms	499	546	-1
Coats Viyella	2,000	111½	+2½
Comm. Union	1,800	472	+16
Cookson	1,200	200	+2
Courtaulds	2,100	326	+6
Dalgety	698	358	+3
Dixons	120	129	+2
ECC Group	571	360	+12
Enterprise Oil	703	621	+7
FKI	21,000	71	+3
Ferranti	1,300	40	
Fisons	3,300	381	+9
Gen. Accident	405	1046	+21
General Elect.	8,600	214	+9½
Glaxo	4,400	802	+19
Globe Inv.	973	191	+2
Glynwed Intl.	2,200	248	-4
Granada	222	252	+8
Grand Met.	5,500	590	+16
GUS A	213	982	+24
GRE	1,800	235	+13
GKN	3,700	373	+16
Guinness	3,100	665	+21
Hammerson 'A'	112	724	+9
Hanson	7,400	230	+3½
Hanson Warrants	4,100	68	+2
Harrisons Crosfield	802	160	+3
Hawker Sidd.	739	648	+12
Hillsdown	2,700	252	+7
IMI	363	224	+3
ICI	1,700	1156	+15
Inchcape	922	258	+7
Kingfisher	1,600	309	+12
Ladbroke	3,600	303	+13
Land Securities	1,400	489	+9
Laporte	720	511	-5
Legal & General	1,400	383	+8
Lloyds Abbey	1,300	304	+9
Lloyds Bank	3,200	274	+6
LASMO	1,609	405	+5
Lonrho	1,400	235	+6
Lucas	641	611	+12
MB Group	926	208	+3
MEPC	487	499	+4
Manpower	318	78	+1
Marks & Spencer	14,000	216	+11½
Maxwell Comm.	989	101	+9
Mecca Leisure	6,900	82	+3
Midland Bank	1,300	297	+4
NatWest Bank	3,100	339	+12
Next	2,100	68	+4
North West Water	3,300	157	+5½
Northern Foods	537	289	+4
Northumbrian Water	346	172	+8
Pearson	713	708	+13
P & O	1,000	601	+23
Pilkington	5,500	198	+7
Polly Peck Intl.	2,400	425	+4
Prudential	6,400	212	+10
RHM	507	382	+11
RMC	552	681	+22
RTZ	1,500	548	+9
Racal	9,200	216	+12
Racal Telecom	946	367	+10
Rank Org.	1,400	799	+22
Reckitt & Colman	305	1205	+27
Redland	3,300	573	+15
Reed Intl.	2,800	425	+15
Reuters	1,500	1168	+49
Rolls Royce	14,000	206	+4
Rothmans	37	675	+6
Ryl Bk Scotland	384	173	+6
Royal Insurance	3,400	464	+31
STC	3,200	265	+10
Saatchi	1,800	96½	-4½
Sainsbury	1,800	274	+12
Scottish & New	1,800	326	+9
Sears	5,300	95	+4½
Sedgwick	466	254	+5
Severn Trent Water	2,300	137½	+5½
Shell Transport	7,100	466	+11
Siebe	1,700	458	+9
Slough Ests	287	296	+2
Smith (W.H.) A	968	315	+8
Smith & Nephew	7,700	139	+3½
SmKl Beecham	3,100	521	+12
SmKl Beecham Units	23	2425	+72
Smiths Inds.	776	243	+4
South West Water	345	165	-1
Southern Water	639	155	+8
Standard Chartd	443	465	+3
Storehouse	3,600	112	+6
Sun Alliance	1,500	314	+9
Sun Life	12	1230	+5
T&N	304	168	+4
TI Group	394	497	+10
TSB	6,130	138	+5½
Tarmac	4,700	266	+10
Tate & Lyle	1,700	285	+7
Taylor Woodrow	455	265	+7
Tesco	3,700	214	+7
Thames Water	3,400	142½	+5½
THORN EMI	830	712	+22
Trafalgar House	4,300	320	+15
Trusthouse Forte	3,800	275	+11
Ultramar	3,100	342	+5
Unigate	343	294	
Unilever	1,700	681	+14
United Biscuits	959	338	+4
Utd. Newspapers	234	379	+4
Water Package Uts	4	£1525	+60
Wellcome	787	679	+18
Welsh Water	757	172	+13
Wessex Water	508	156	+5
Whitbread 'A'	1,500	415	+13
Williams Hldgs.	3,300	274	+9
Willis Faber	959	360	+4
Wimpey	859	233	+12
Yorkshire Water	425	172	+6

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

KIO sale scented at FKI

TURNOVER IN electrical products group FKI swelled to 21m shares, surpassing the previous record daily high of 14m, as the share price gained 3 to 71p.

Early talk was that the Kuwait Investment Office (KIO) had completed the sale of its stake, estimated at over 4 per cent; the KIO recently indicated that it was keen to reduce its holding and is thought to have been one of the sellers of FKI shares over the past fortnight. FKI would not confirm the Kuwaiti sale, but Mr Eric Bowers, finance director, commented: "I am led to believe that is the case."

Vague talk of stakebuilding that emerged early in the week was also revived yesterday. However, most dealers said the buying was probably from bargain hunters, having noticed the heavy turnover early in the session.

Switch to Shell

First-quarter figures from Shell Transport were given an enthusiastic welcome. Although helped by the steep rise in the wider market, the shares were said to have attracted strong support from institutions and also to have been stimulated by switching out of BP. Dealers said the shares were also boosted by the stock shortage common throughout the market.

Shell's net income, on a historical basis, came out at £816m, compared with the £1.28bn recorded in the same period last year. But, as analysts pointed out, the figure for last year included £244m from the sale of property. The net income figure was in the middle of the range of analysts' forecasts, which went from around £700m to £930m. One analyst said the figures were "operationally excellent."

Shell shares closed a fraction below the day's high of 467p, ending a net 11 stronger at 466p. Turnover expanded to 7.1m shares.

Royal relief

There was widespread relief with first-quarter results and accompanying statement from Royal Insurance, which advanced 31 to 464p on turnover of 3.4m.

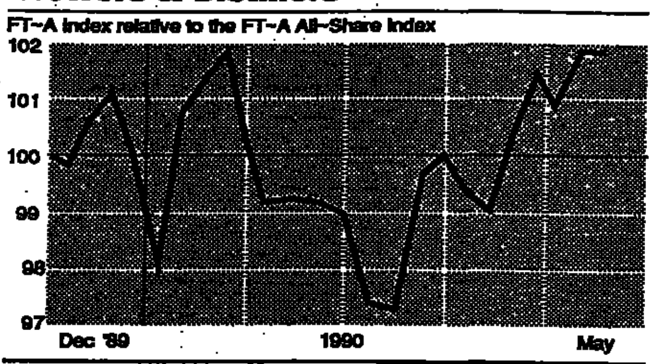
The company came out with a £79m pre-tax loss, against a pre-tax profit of £45m for the same period last year, after being hit by worldwide weather disaster losses totalling £120m. Of these, the UK accounted for some £94m, mainly resulting from the January and February storms.

The market had braced itself, and been warned by the company, that Royals would incur a substantial loss, but there had been suggestions in the marketplace that the losses could have been even worse and a rights issue might have been on the cards.

Mr Andrew Goodwin of UBS Phillips & Drew described the statement, which gave the group's solvency margin as 44 per cent, as reassuring.

Brewers & Distillers

FT-A Index relative to the FT-A All-Share Index



Reuters advance

Reuters was in the vanguard of the stock market's rise as institutions sought quality stocks, the shares advancing 50 before closing only a penny shy of that figure at 1168p. Turnover, at 1.5m shares, was high for the stock.

Dealers said that the stock shortage evident across the market was exacerbated by Reuters's strength overnight in New York. Domestic buyers who emerged early yesterday were joined by New Yorkers in the afternoon session, and traders struggled in vain to find willing sellers.

Agency broker Henderson Crosthwaite is holding a presentation to 18 institutions today to demonstrate Reuters' new services: Dealing 2000 (foreign exchange) and Globex (futures). Dealing 2000 begins operations next month, with Globex due to come on stream in the autumn.

Mr Brian Newman at Henderson described as unfounded any concern that UK entry into the European exchange rate mechanism might curtail the volume of forex trading. He said that 80 per cent of forex deals involved either the dollar or the yen and predicted that Reuters' profits growth would continue unabated. "We are enthusiastic buyers," said Mr Newman. "We think the shares could reach 1350p by the end of the year."

The leading food retailers were swept along by strong institutional buying, outpacing the gains of the rest of the market. **Sainsbury** added 12 at 274p, having traded 1.8m, while **Asda** rose 3 to 104p on a turnover of 6.8m.

Albert Fisher moved ahead 8 to 125p as analysts visited its US operations. **Iceland Frozen Foods** added 9 at 288p following an upbeat annual general meeting. **Morrison Supermarkets**, up 2 at 160p, also improved after a positive statement by the chairman at its annual meeting.

Among the food manufacturers, investors favoured **Cadbury Schweppes**, up 15 at 327p, and **Ranks Hovis McDougall**, 11 stronger at 382p. Mr Carl Short of Kitcat & Aitken said Cadbury and RHM, as the more obvious bid stocks in the sector, had attracted the strongest interest. **Hillsdown** added 7 at 252p as fears eased about the impact of "mad cow disease" on red meat sales. **S. Daniels** gained a penny to 79p on talk of stakebuilding.

The brewers' results season continued apace, with record profits of £260.2m, up 16.6 per cent, being reported by **Whitbread**, whose "A" shares climbed 13 to 415p.

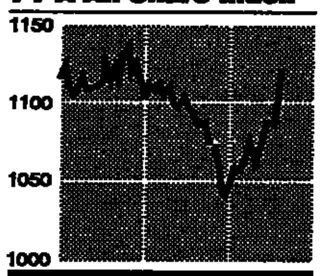
Sector leaders rose with the market, showing no signs that the scaling of an all-time high against the rest of the market earlier in the week would precipitate any profit-taking. **Allied Lyons** and **Grand Metropolitan**, both of which reported earlier in the week, each added 16 at 466p and 590p respectively. **Bass**, with interims next week, rose 26 to 1013p.

A cheerful statement from the **Guinness** chairman at the annual meeting – he said that trading this year was "a little ahead of our expectations" – helped the shares to advance 21 to 695p, just 2 short of the all-time high set in March.

The only weak spot in the FT-SE 100 was **Carlton Communications**. The stock had shown sharp rises earlier in the week as dealers and institutions took positions ahead of interim figures due on Monday. The shares ended a penny down at 546p.

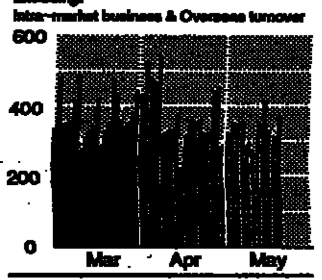
Rank Organisation was one of the FT-SE 100's best performers, climbing 22 to 799p, having been weak in the previous few days on fears it might bid for Mecca. The theory that helped the recovery yesterday was that Rank might only buy part of Mecca, which itself firmed another 3 to 82p. Volume in Mecca was once again high, at 6.9m, fuelling dealers' speculation that a stakebuilder was indeed at work.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Nine-month figures from USM-quoted **Regal Hotel**, where losses increased from £871,000 to £1.2m, left the shares 13 lower at 52p. The company's managing director said that the outcome in the current year would be affected by the high interest rates and costs associated with hotel refurbishment.

British Gas attracted turnover of 120m shares and closed 6 higher at 217½p, but **BP** lagged the market, ending only 6 ahead at 330p but on good turnover of 8.9m.

Calor Group, where the private Dutch group SHV has a 44.2 per cent stake and has said it will increase this by 2 per cent a year, rose 8 to 271p. **Burmah**, where SHV has a 9 per cent holding, put on 16 to 598p.

Kwik-Fit added 9 at 78p on the combined effect of a squeeze and the news that 13 per cent stakeholder Continental AG, the West German tyre group, planned to hold on to its stake and did not rule out the possibility of making a bid.

Shares in **Laporte** dived early on in the session, losing 51 to 465p after the company surprised the market with the news of a one-for-four rights issue at 425p a share to raise £144m to reduce current borrowings. The shares later rallied with the market and closed a net 5 lower at 511p.

Shares in **Rolls-Royce** added 4 at 206p, hitting an all-time high with turnover expanding to 14m shares as the company held a presentation for 25 European investors.

British Telecom added 14 at 280p on turnover of 13m; specialists said many dealers who had gone short of the stock, expecting heavy selling by holders of the 94m shares created by the company's share option scheme, had been caught out.

Cable and Wireless, still buoyed by the Kitcat & Aitken buy recommendation, gained 15 to 518p.

Persistent stories of a big deal involving the sale of a large stake in ICL boosted **STC** 10 to 265p. Northern Telecom, which already has a 27 per cent holding in STC, is said to be almost certain to take a hand in any deal, while Sun Microsystems and Fujitsu are the market's favourites to take a direct stake in ICL.

Some 9.2m **Racal Electronics** shares changed hands and the stock rose 12 to 216p. **Racal Telecom** put on 10 to 367p. The takeover stories were said to have been behind the 22 gain in **Thorn EMI** to 712p.

The director's share purchases gave even more confidence to **McCarthy & Stone**, which raced up 9 to 60p. **Ibstock Johnsen** rose 5 more to 132p, with the market said to be picking up hints that a Continental stakebuilder has been operating. **Erith** managed a minor improvement at 54p despite the extreme caution expressed by the chairman at the annual meeting. Takeover speculation was said to have been behind the 8 rise to 127p by **Evered**.

Saatchi & Saatchi was one of the few alpha stocks to show a decline. The price dropped to 93p at one point on a press story of directors resigning to set up a rival agency. The shares rallied before the close and ahead of a mollifying statement from Saatchi that: "Four directors (out of 95) have left the company. Their departure is unlikely to have any material effect on the group's results." Saatchi closed at 96½p, a net decline of 4½.

Shares in **Coloroll**, the troubled home furnishings group, dropped 3¼ to 8½p after the company said it had begun refinancing talks with a financial institution which would involve a major cash injection as well as an offer for Coloroll by a new unquoted company. Shortly after the market close, Candover, an investment trust which has close ties with Globe, disclosed that it is the institution in talks with Coloroll.

Dealers were, however, unimpressed with the news. An analyst said: "Coloroll had their moments, but I think this is the end of Coloroll as we know it. It is highly unlikely that anyone will want to bid for it with such high borrowings."

Trafalgar House rose 15 to 320p on turnover of 4.2m.

Securicor "A" forged ahead 35 to 690p following a positive recommendation from Kleinwort Benson. Mr Rob Collins at Kleinwort said: "The underlying fundamentals remain attractive, and the resurgence of the Labour Party in the opinion polls makes the sale of the group's cellnet stake ahead of the General Election more likely."

■ Other Market statistics, including the FT-Actuaries share index, Page 26

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (55).
BRITISH FUNDS (12) AMERICANS (1) BANKS (1) BREWERS (2) BUILDINGS (1) CHEMICALS (3) STORES (2) ELECTRICALS (3) ENGINEERING (1) FOODS (4) INDUSTRIALS (9) Apollo Metals, Bowater Inds., Christies Intl., Diploma, Fisons, Kalon, NMW Computers, Stag Furniture, Williams 5⅜pc Cv. Pf., PAPERS (2) PROPERTY (3) TRANSPORT (2) TRUSTS (7) MINES (2).
NEW LOWS (76).
AMERICANS (1) CANADIANS (1) BANKS (1) BREWERS (1) BUILDINGS (1) CHEMICALS (2) STORES (2) ELECTRICALS (7) ENGINEERING (2) INDUSTRIALS (18) Clayhithe, Coloroll, EFG, Eleco, Hay (Norman), Hunting 8¼pc Pf., London Finance & Inv., Mining & Allied Supplies, Russell (A.), Unigroup, INSURANCE (1) LEISURE (2) NEWSPAPERS (2) PAPERS (2) PROPERTY (9) TEXTILES (2) TRUSTS (7) OILS (1) MINES (13) THIRD MARKET (2).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1989: 116.6 and for April 1990: 125.1.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

New chief at Jefferson Smurfit

■ Mr Ray Miezelis has been appointed chief executive elect of JEFFERSON SMURFIT's interests in Europe, from September 1. From January 1, 1991, he becomes chief executive. Mr John Coleman, chief executive, becomes chairman of Smurfit International, responsible for developing the group's interests in Eastern Europe. Mr Miezelis is currently chief executive of Smurfit Carton de Venezuela. He was born in Lithuania and is an American citizen.

■ Mr Paul Layzell, managing director of BMW (GREAT BRITAIN) for the past seven years, is to leave the company at the end of the month to pursue his own interests, *writes John Griffiths*.

His successor is to be Mr Tom Purves, currently sales director of the company, which is a wholly-owned subsidiary of the West German executive car maker.

Mr Layzell, 49, is a founder director of BMW(GB), which was formed 11 years ago to take over the UK sales operations from its then franchise holder, the Tozer, Kemsley and Millbourn group.

Subsequently, BMW's UK sales have risen from 13,500 in 1980 to reach 48,905 last year.

Mr Purves, who is 41, has been sales director of BMW(GB) since late 1985. Previously, he had spent his entire career with Rolls-Royce Motor Cars.

Starting as an engineering apprentice at Crewe, he became Rolls' sales manager for Switzerland, then for the Middle East and Africa based in Kuwait; later sales manager for both Europe and the Middle East East and, finally, director of sales operations.

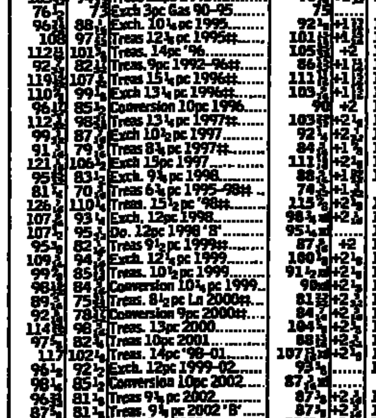
Mr Layzell yesterday described his parting with BMW as "entirely amicable."

■ At yesterday's annual meeting of IBM UNITED KINGDOM HOLDINGS Sir Edwin Nixon announced his retirement from the chairmanship and the board. Mr A.B. Cleaver has been elected chairman and will combine the role with that of chief executive.

Sir Colin Marshall, deputy chairman and chief executive of British Airways, has been appointed as a non-executive director.

Lord Chalfont and Lord Hunt of Tamworth have also retired from the board.

■ Mr Bill George has become managing director of CARLSON MARKETING GROUP (UK), part of the international marketing, hospitality and travel corporation. He was previously managing director of the Arnold Worth Group.



■ Mr Robin McIlvenny *(pictured)* has been appointed assistant general manager and head of corporate finance at SAUDI INTERNATIONAL BANK. He joins from Quintus Partners, which he co-founded.

■ CATTLES'S (HOLDINGS) has appointed Mr David Sampson as managing director of Cattle's Holdings Finance, Cattle's Holdings Leasing and Mutual Trust & Savings. He was previously sales director of Wagon Finance.

■ Mr John Simons has been appointed finance director of HAZLEWOOD FOODS, allowing Mr Dennis Jones to pursue his principal role as corporate development director. Mr Simons will be succeeded as company secretary by Mr Kevin Higginson. Mr David Appleyard and Mr Tom van Gurp are appointed directors. Mr George Risley becomes European marketing and sales director of Hazlewood International BV.

■ Mr Stephen M. Bright has been made a director of BIRMINGHAM MIDSHIRES BUILDING SOCIETY. Mr Bright, general manager (group finance) is responsible for treasury, taxation and group finance.

■ GUINNESS & MAHON, Irish banking subsidiary of Guinness Mahon Holdings, has appointed Professor Charles Dillon as chairman, succeeding Mr Patrick Moorsom who becomes vice chairman. Professor Dillon continues as chairman of the Electricity Supply Board in Ireland. Mr Kieran P.A. Corrigan, managing partner of chartered accountants Kieran Corrigan & Co, has been appointed a non-executive director of the bank.

■ Mr Ronald W. Mackintosh has been appointed chief executive of COMPUTER SCIENCES CORPORATION, Europe, from June 1.

■ BEAVERCO has appointed Mr Andrew Standland as its chief executive. He was chief executive of Tootal Homewares.

■ Mr J. Ronald Morgan has joined PERSHING KEEN & CO as chief executive officer.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	219	ANZ SA1	225	–7	44c	1.4	8.8	8.0
199	172	Abbey National 10p	199	+5	5.7	4.3	3.8	8.1
*274	210	Allied Irish Ord	221	–4	Q40%	♦	4.3	♦
£13¼	£11⅞	Algemene Fl 10	£12¼	–¼	Q28%	2.1	7.3	6.4
85	73	Anglo Irish	75	.....	ℕ18.7%	2.7	5.9	10.2
81	68	Ansbacher (H) 1p	70	.....	2.5	1.3	4.8	20.2
£71½	£54½	Bancaire Cie Fr100	£69½	+½	ℕQ12½%	–	2.0	–
£22½	£16¾	Banco Bilbao Viz	£19	.....	Q49.1%	2.7	4.4	12.3
£31	£24¼	Banco de Santander	£28½	.....	Q25%	2.4	3.9	10.6
286	224	Bank Ireland IR£1	234	–5	Q14.7%	♦	6.1	♦
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
350	320	Bank Leumi (U.K.)	345	.....	†13.5	–	5.2	–
125	104	Bank Scotland	116	+4½	4.55	3.3	5.2	7.7
100½	83¾	Do. 9¼pc Irrd Pf	91	+1½	9¼%	–	13.6	–
54	39	Bank of Wales	39	.....	2.8	0.8	9.6	18.7
599	493	Barclays £1	549	+12	27.4	3.5	6.7	5.4
22	14	Benchmark 20p	14	.....	1.63	1.0	15.5	8.0
335	310	Brown Shipley £1	317	.....	†10.5	–	4.4	–
455	361	Cater Allen £1	370	+7	23.5	–	8.5	–
179	137	Chancery	139	+2	18.0	2.8	7.7	6.1
£23¾	£19⅞	Commerzbk DM10	£21¼	.....	Q18%	–	3.1	–
£13¼	842	Dai Ichi KBk Y50	947	.....	ℕQ16%	8.8	0.3	36.2
*£313	£262½	Deutsche Bk DM50	£280	–5	Q28%	–	1.8	–
£20⅞	£19	Espirito Santo	£19⅞	.....	Q75c	3.3	2.3	13.3
253	183	First Nat. Fin. 10p	208	+1	13.0	2.4	8.7	6.2
121	96	FNFC 6.3pc Cv. Pf	98	.....	6.3%	–	8.6	–
£15¾	953	Fuji Bank Y50	£10⅞	.....	Q15.6%	4.2	0.3	–
325	262	Gerrard & National	280	+8	18.5	–	8.8	–
154	138	Guinness Mahon 10p	138	.....	2.1	–	2.0	–
328	223	Hambros 20p	251	+9	†10.0	–	5.3	–

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

For Motors Group see GARAGES & DISTRIBUTORS

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MOTORS, AIRCRAFT TRADES – Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES – Contd

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ☐ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 γ	898	......
Finlay Pkg. 5p γ	53d	......
Holt (Jos) 25p γ	1290xd	......

IRISH

Cap. 8½% Ln. 1991	£98	......
9pc Cap Ln. 1996	£94½	+¼
Fin. 13% 97/02	£112	......
Arnotts	410xd	......
Carrol (P.J.) γ	147	......
Hall (R. & H.)	175	......
Helton Hldgs. γ	72	−2
IRG	280	......
United Drug	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Stock	p
Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Stock	p
Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	18
Ultramar	31

Mines

Stock	p
Lonrho	28
RTZ	45

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	50.90	50.90	54.44	-0.25	5.03
Gilts & Fixed Int	6	103.4	103.4	109.7	+1.1	10.03
High Inc Equity	6	128.1	131.6	140.0	+1.3	4.94
Worldwide Bond	6	193.1	193.1	204.5	-0.7	6.31
Capital Growth						
American Growth	6	188.2	188.2	201.3	-2.0	1.16
Asian Pacific	6	136.8	139.6	148.6	-0.6	0.00
Assets & Earnings	6	149.4	149.4	159.8	+1.5	3.04
Capital Reserve Acc	0	91.21	91.21	91.34	+0.33	6.57
Capital Reserve Inc	0	76.66	76.66	76.77	+0.28	7.82
Commodity & Energy	6	95.43	95.43	102.1	-0.1	0.00
Dividend & Growth	6	45.23	46.23	49.19	....	0.57
1992 Eurofund	6	60.94	62.20	66.18	+0.56	2.02
Euro-Capital Acc	6	105.6	105.6	113.0	....	0.84
Euro-Capital Inc	6	101.3	101.3	108.4	-0.1	0.88
General	6	167.9	167.9	179.6	+2.3	2.78
International	6	59.72	60.47	64.34	-0.27	0.78
Japan	6	101.2	101.2	108.3	-1.2	0.00
Mastertrust	6	89.08	89.08	95.28	-0.1	1.55
UK Growth Acc	6	167.6	167.6	179.3	+1.4	1.81
UK Growth Dist	6	109.5	109.5	117.2	+0.9	2.76
US Emerging Cos	6	56.67	56.67	60.61	+0.02	0.00
Income & Growth	6	286.3	286.3	306.3	+2.7	3.35
Ethical	6	45.73	45.73	48.91	+0.41	2.04
Abtrust Management Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5½	32.14	32.14	34.31	-0.38	2.20
European	5½	95.20	95.33	101.7	-0.57	0.00
European Income	5½	90.50	90.54	96.65	-0.01	0.02
Exempt	1	730.3	730.3	753.2	+9.00	1.35

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd—Contd.						
North American	6	63.42	63.42	67.54	-1.15	0.38
Orient ♣	6	117.7	118.9	126.9	-2.10	–
Recovery	6	43.74	43.74	46.58	+0.44	3.80
Smaller Cos Acc	6	233.2	233.2	249.5	+0.90	–
Smaller Cos Inc	6	142.8	142.8	152.8	+0.50	1.29
Brycourt Unit Tst Mngmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382						
Income Growth	1	179.0	179.0	185.6	....	6.34
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 071-247 4542						
Emerging Grth	5¼	56.48	56.48	59.87	+0.46	3.22
(Accum Units)	5¼	58.49	58.49	62.00	+0.48	3.22
Fellowship Tst	5¼	61.41	62.03	65.99	-0.3	2.83
(Accum Units)	5¼	64.21	64.86	69.00	-0.3	2.83
General Inc	5¼	281.1	281.1	298.0	+3.6	3.66
(Accum Units)	5¼	481.7	481.7	510.6	+6.1	3.66
Income	5¼	146.7	149.1	158.7	+2.1	4.43
(Accum Units)	5¼	297.8	302.7	322.1	+4.3	4.43
International	5¼	107.8	107.8	114.3	-0.5	1.00
(Accum Units)	5¼	149.1	149.1	158.1	-0.6	1.00
Smaller Co's	5¼	93.17	93.17	98.76	+0.16	2.08
(Accum Units)	5¼	103.3	103.3	109.5	+0.2	2.08
Inv Portfolio	3	52.54	52.54	54.38	+0.42	3.07
(Accum Units)	3	55.08	55.08	57.00	+0.43	3.07
High Income Port	3	43.96	44.89	46.52	+0.77	4.52
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 071-480 7216						
Short Dated Gilt	1½	55.85	55.85	56.66	+0.06	12.92
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard, London SE1 1NX 071-407 5466						
CCF Sel High Inc Eqty	5½	46.38	47.24	50.26	+0.48	5.5
CCF Sel Intl Grth	5½	47.96	47.96	51.60	+0.72	1.45
CCF Sel Inv Tst	5½	45.92	47.01	50.02	+0.62	2.0
CCF Sel UK Sm Co's	5½	43.82	45.15	48.04	+0.15	1.00
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 081-740 7070						
UK General Tst	5½	53.29	54.37	57.84	+0.86	2.86
Global Tst	5½	47.64	48.14	51.21	+1.14	0.35

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♣ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes [illegible] in last column of the FT Unit Trust information pages.

هكذا من الأصل

FT MANAGED FUNDS SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Timberlake Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 071-407 5966						
Portfolio	2	97.69	97.69	100.53	+0.59	1.17
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
4 Hourly Pricing – 12 Noon Historic						
TR American Grth	5¼	48.05	48.05	51.25	+0.32	0
TR Eur Sp Sits Acc	5¼	46.61	46.61	49.59	+0.35	0
TR Eur Sp Sits Inc	5¼	45.70	45.70	48.57	+0.35	0
TR Far East Opps Inc	5¼	23.11	23.27	24.76	+0.24	–
TR Far East Opps Acc	5¼	23.11	23.27	24.76	+0.24	–
TR General Growth	5¼	74.47	74.47	79.22	-1.76	2.98
TR Global Tech	5¼	76.05	76.05xd	81.17	-0.89	0
TR Income Growth	5¼	85.44	85.44	90.89	-2.07	4.40
TR Income Monthly	5¼	50.78	50.78	54.02	-0.75	7.52
TR Japan Growth	5¼	85.03	85.03	90.27	+0.55	0
TR Overseas Growth	5¼	67.74	67.74xd	72.19	-0.05	0
TR Smaller Cos	5¼	72.95	72.95	77.60	-0.98	2.48
TR Special Ops	5¼	83.10	83.10	88.40	-0.99	3.41
TR Mngd Ex Plan Acc	5¼	35.53	35.53	37.98	-0.64	2.63
TR Mngd Ex Plan Inc	5¼	33.14	33.14	35.25	-0.65	2.63
TR Wwide Sp Sit Acc	5¼	38.62	38.62	41.13	-0.15	0
TR Wwide Sp Sit Inc	5¼	38.58	38.58	41.09	-0.15	0
TR Pension Portfolio						
TR American Grth ‡	6	28.64	29.02	30.76	-0.26	0
TR Eur Sp Sits ‡	6	37.09	37.44	39.69	-0.21	0
TR General Growth ‡	6	24.48	24.74	26.23	+0.94	0
TR Global Tech ‡	6	29.74	30.13	31.94	-0.16	0
TR Income Growth ‡	6	24.66	24.92	26.41	+0.37	0
TR Japan Growth ‡	6	26.63	26.86	28.47	-0.16	0
TR Mngd Equity ‡	6	26.89	27.17	28.80	+0.33	0
TR Overseas Growth ‡	6	29.01	29.39	31.16	-0.07	0
TR Smaller Cos ‡	6	17.16	17.34	18.38	+0.17	0
TR Special Ops ‡	6	17.03	17.21	18.25	+0.09	0
TR Stg Liquidity ‡	6	26.04	26.50	27.60	----	0
TR Wwide Sp Sits ‡	6	31.31	31.72	33.62	+0.03	0
Trades Union Unit Tst Mngrs (1200)H						
NLA Tower, Addiscombe Road, Croydon 081-686 4355						
TUUT	5	241.6	247.1	260.1	+4.0	3.33
Triton Fd Mngrs. Ltd. (1000)H						
Royal Lds. Hse. Colchester CO1 1RA 0206 764400						
Triton General	5¼	165.9	168.6xd	179.4	+0.40	3.22
Tyndall Unit Tst Mngrs Ltd (1600)F						
25 Bucklersbury, London EC4N 0800 373574						
Austral Value	5¼	41.16	41.16	43.64	-0.01	–
British Lion	5	85.72	85.72	90.87	+2.00	3.04

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

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Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	65.8	69.2	+0.6	-
Stock Market Linked Fund	64.6	68.0	+0.5	-
Equity Fund	68.3	71.9	+1.2	-
International Fund	62.7	66.0	-0.2	-
European Fund	76.0	80.0	+0.2	-
North American Fund	60.3	63.5	-0.8	-
Pacific Fund	64.9	68.3	-0.5	-
Property Fund	87.1	91.7	......	-
Fixed Interest Fund	49.7	52.4	+0.5	-
Index Linked Sec Fund	57.2	60.2	+0.5	-
Deposit Fund	62.7	66.0	...	-
NUAM Retirement Plans				
Allied Fund	70.8	74.5	+0.5	-
UK Ordinary Share Fd	78.3	82.4	+1.2	-
International Fund	66.5	70.0	-0.6	-
Property Fund	84.8	89.3	+0.2	-
Fixed Interest Fund	58.3	61.4	+0.8	-
Index Linked Sec Fund	60.1	63.3	+0.7	-
Deposit Fund	71.7	75.5	+0.1	-
NUAM (NF)				
Managed Fund	925.2	973.9	+8.2	-
Equity Fund	1863.7	1961.8	+31.6	-
International Fund	165.4	174.2	-0.5	-
Property Fund	550.5	579.5	+0.1	-
Fixed Interest Fund	372.3	391.9	+3.3	-
Index Linked Sec Fund	58.2	61.3	+0.6	-
Deposit Fund	257.5	271.1	+0.1	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	1025.1	1076.4	+2.9	-
Equity Fund	234.8	246.5	+1.0	-
International Fd	162.0	170.1	+0.6	-
Fixed Interest Fd	146.8	154.1	-0.4	-
Property Fund	225.7	237.0	......	-
Index-Linked Fund	142.5	149.6	......	-
Deposit Fund	148.8	156.2	+0.1	-
Pens Mixed (Ord) Fd	245.7	258.0	+0.6	-
Gold Pensions				
Discretionary Fund		119.6	+0.3	-
Equity Fund		119.3	+0.5	-
Fixed Interest Fund		106.7	-0.1	-
International Fund		123.7	+0.5	-
Property Fund		157.4		-
Index-Linked Fund		119.1	+0.1	-
Deposit Fund		125.5	+0.1	-
S & F Consolidation		113.7	+0.1	-
S & F Balanced		126.0	+0.4	-
S & F Maximum Growth		102.3	+0.1	-

Provident Mutual Life Assc. Assn.
William Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	329.5	346.8	+1.9	-
Managed Init	257.4	270.9	+1.4	-
Equity Ord	463.7	488.1	+5.2	-
Equity Init	362.2	381.3	+4	-
Index Linked Gilt Ord	142.1	149.6	+1.6	-
Index Linked Gilt Init	115.9	122.0	+1.3	-
Overseas Equity Ord	297.1	312.7	-2.4	-
Overseas Equity Init	232.0	244.2	-1.9	-
Property Ord	220.8	232.4	+0.1	-
Property Init	172.4	181.5	----	-
Fixed Interest Ord	170.1	179.1	+3.8	-
Fixed Interest Init	132.9	139.9	+3	-
Deposit Ord	156.4	164.6	----	-

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT

	Bid Price
UK Equity	57.4
Global Equity	43.6
High Yield	50.6
Intl Equity	55.4
Fixed Interest	46.0
Money	58.7
Managed	55.0
Pensions	
UK Equity	98.1
Global Equity	40.5
High Yield	49.8
Intl Equity	56.1
Fixed Interest	50.7
Money	66.0
Managed	56.9

Save & Prosper Group (z)
28 Western Rd, Romford RM1 3LB

	Bid Price
Bal Inv Fd	560.7
Deposit Fd	281.2
Gilt Fd	306.2
Global Equity Fd	169.2
Property Fd	96.2
Equity Pens Fd	149.9
Gilt Pens Fd	79.2
High Int Pens Fd	91.8
Global Eq Pens Fd	144.0
Man Pens Fd	138.4
Prop Pens Fd	105.5
A.G. Bond Fd	114.8
Fleming Inv Fd	73.9
Fleming Pens Fd	81.9

zWeekly dealings

Scottish Amicable
150 St Vincent St, Glasgow

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	101.09	106.41	+0.03	-
Managed Fd	91.09	95.88	+0.42	-
UK Ord Share Fd	90.57	95.34	+1.17	-

OFFSHORE AND OVERSEAS

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

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IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (UNCLASSIFIED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Union-Investment-Gesellschaft GmbH				
Unifonds	DM37 50	39.40	-0 50	-
Unirak	DM77 23	81 10		-
Unirenta	DM34 61	35.70		-
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Sicav)				
Dollar Fd BOPUPs	$10.19	10 20		-
Dollar Fd OPUPs	$10.52	10 59		-
Sterling Fd BOPUPs	£10 13	10 14		-
Sterling Fd OPUPs	£11.49	11 57		-
DM Fd BOPUPs	DM9 99	10 00		-
DM Fd OPUPs	DM9 95	10.02		-
Yen Fd BOPUPs	$7 67	7 68		-
Yen Fd OPUPs	$10 42	10 49		-
Wardley Investment Services Ltd				
Wardley S E. Asia Tst	$12 57	13 34	-0 03	0 52
Japanese Warrants	$8.38	8 88	-0 04	-
Asian Warrants	$9 43	9 99	-0 07	-
European Warrants	$10 23	10 84	-0 04	-
Wells Fargo U.S. IT Fund				
NAV May 17		$9 82		-
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$1 0031		-
Xiphias Int ECU		Ecu1 0087		-

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14 81	-	15 66	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Deposit	14 85	-	15 70	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			071-236 1425	
Call Fnd	14 22	11 09	15 20	6-Mth
7-day Fund	14 37	11 21	15 35	6-Mth
Special Fund	14 77	-	16 20	Mth
Dollar	6 87	5 36	7 29	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY			071-638 6070	
Treasury Acc	13 50	10 53	14 60	Qtr
Mth Int Chq £1,000-14,999	13 50	10 53	14 73	Mth
Mth Int Chq £15,000-£49,999	14 00	10 92	15 31	Mth
Mth Int Chq £50,000-	14 50	11 31	15 80	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			071-629 6802	
OMNA (£2,001+)	14 78	11 53	16 210	Mth
HICA (£2,001+)	13 90	10 84	15 196	Mth
PROMNA (£250,001+)	14 90	11.62	16.349	-
American Express Bank Ltd				
c/o American Express Financial Services Limited, 49 The Martlets, Burgess Hill, West Sussex, RH15 9NW 0444 879088				
High Performance Cheque Account				
£1,000-£4,999	12 16	9 50	12 87	Mth
£5,000-£9,999	12 30	9 60	13 01	Mth
£10,000-£24,999	12 81	10 00	13 59	Mth
£25,000+	13 58	10 60	14 46	Mth
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			071-625 7060	
2,000-9,999	13 782	10 750	14 921	Qtr
£10,000+	14 103	11 000	15 283	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			071-601 6746	
BM Chq Acc £2,500-£24,999	13 4	10 45	14 62	Mth
£25,000+	13 65	10 64	14 91	Mth
Barclays Capital Advantage Account				
94 St Paul's Churchyard EC4M 8EH			071-248 9155	
£10,000-£24,999	14 00	10 90	15 13	Qtr
£25,000-£49,999	14.25	11 20	15 57	Qtr
£50,000+	14 50	11 40	15 87	Qtr
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton			0604 252891	
£1,000-£2,499	11 80	9.20	12 70	Qtr
£2,500-£9,999	12 20	9 50	13 13	Qtr
£10,000-£24,999	12 80	10 00	13 84	Qtr
£25,000+	13 10	10.25	14 20	Qtr
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD			071-631 3313	
Small Deposits	10.50	-	-	-
£2,500-£10,000	13 50	10 53	14 60	Qtr
£10,001-£20,000	13 75	10.73	14 89	Qtr
£20,000+	14.50	11 31	15 73	Qtr
B & C Merchant Bank PLC Portfolio Acc				
19 Motcomb Street, London SW1X 8LB			071-245 6616	
£2,500-£9,999	12 38	9 65	13 26	Qtr
£10,000-£49,999	13 75	10 73	14 94	Qtr
£50,000 and above	14 25	11 12	15 50	Qtr
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2			071-606 9833	
HICA	14 00	10 92	15 17	Qtr
Prof Demand A/c	13 625	10 66	14 79	Qtr
Caledonian Bank Plc				
8 St Andrew Square, Edinburgh EH2 2PP			031 556 8235	
HICA	14 50	11.35	15 13	Yearly
Cater Allen Ltd				
25 Birchin Lane, London EC3V 9DJ			071-623 2070	
HICA	13 50	10 53	14 7378	Mth
Consort £5,000 min.	14 25	11.11	15.5988	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH			071-248 4000	
£2,500-£19,999	13 25	10.34	14 45	Mth
£20,000-£49,999	13.50	10 53	14 74	Mth
£50,000-£99,999	13 75	10 73	15.02	Mth
£100,000+	14 00	10.92	15.31	Mth
$5,000-$49,999	7 00	5 46	7 47	Mth
$50,000-$99,999	7.25	5 66	7 74	Mth
$100,000-$199,999	7 50	5.85	8 01	Mth
$200,000+	7.75	6 05	8 29	Mth
Many other currencies are available - for rates please phone ext 2168				
Citibank Savings				
St Martins Hse, Hammersmith Grove W6			081-741 4941	
Money Market Plus				
£2,000-£24,999	11.00	8.50	11.79	Mth
£25,000	11.50	9.00	12.51	Mth
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL			041 248 7070	
HICA £2,000-£9,999	12.2	9.92	13.15	Qtr
£10,000-£19,999	13.0	10 14	14 04	Qtr
£20,000-£49,999	13.2	10 30	14.27	Qtr
£50,000+	13.7	10.69	14 83	Qtr
Co-operative Bank Top Tier				
78-80 Cornhill EC3			0800 616162	
£500-£999	10.2	8 0	10 9	6-Mth
£1,000-£2,499	11.5	9 0	12.3	6-Mth
£2,500-£9,999	12.1	9.5	13.0	6-Mth
£10,000-£49,999	13 4	10 5	14 4	6-Mth
£50,000+	13.7	10.75	14.7	-
Coutts & Co				
Reserve Account				
440 Strand, London WC2R 0QS			071-753 1000	
For personal customers				
£50,000+	13.375	10 125	14 02	Qtr
£20,000-£49,999	13 25	10 00	13 84	Qtr
£5,000-£19,999	12 75	9.625	13.30	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	13 625	10 625	14.74	Qtr
£25,000-£99,999	13.50	10 375	14.38	Qtr
£10,000-£24,999	12.50	9 875	13 66	Qtr
Coutts Composite Account for clients money				
27 Bush Lane, London EC4R 0AA			071-623 3434	
Rates negotiable up to	14.375	11 250	-	-
Dartington & Co Ltd				
70 The Crescent, Plymouth PL1 3AB			0752 673873	
Money Mkt Acc	13 75	10 72	14 94	Qtr
Edington Plc				
1 King Street, Manchester M2 6AW			061 834 2535	
HICA (£1,000+)	14.25	11.12	15.47	Qtr
Money Market Deposit Account				
£1-£999	10 00	7.825	10.80	Mth
£1,000-£24,999	13 25	10.368	14.52	Mth
£25,000-£249,999	14 25	11 12	15 68	Mth
£250,000-£999,999	14.50	11.31	15 89	Mth
£1,000,000 upwards	14.50	11.31	15.89	Mth
Ninety Day Notice Account				
£10,000-£24,999	14.50	1.314	15 08	Yearly
£25,000 upwards	14 875	11.6025	15.47	Yearly
Financial & General Bank plc				
13 Lowndes Street, London, SW1X 9EX			071-235 0036	
H.I.D.A. £5,000-£15,000	13 40	10 50	14 70	Qtr
H.I.D.A. £15,000+	13.67	10 70	15 00	Qtr
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1 1NX			071-236 1425	
Money Mngt. Acct	13 500	10.53	14.60	3-Mth
Girobank plc High Interest Cheque Acc				
10 Milk St, London EC2V 8JH			071-600 6020	
£1,000-£3,999	10.75	9 25	12.33	Yearly
£4,000-£9,999	11.00	9.50	12 67	Yearly
£10,000-£49,999	11.75	10 00	13 33	Yearly
£50,000	12.75	10.50	14.00	Yearly
Humberclyde Finance Group				
Chalky Ct, Winchester Rd, Basingstoke			0256 841863	
£50,000+	15 00	11.70	16.30	Qtr
Lloyds Bank High Interest Cheque Account				
71 Lombard St, London EC3P 3BS			071-325 3643	
£5,000+	11.40	9.20	12.80	Mth
£10,000+	11 90	9 40	13 10	Mth
£25,000+	12 2	9 60	13 4	Mth
£50,000+	12.40	10 2	14.30	Mth
M & G/Kleinwort Benson				
M & G Hse, Victoria Rd, Chelmsford			0245 266266	
H.I.C.A. (£2,500+)	13.25	10.335	14 47	Daily
Midland Bank plc				
PO Box 2, Sheffield			0742 528655	
High Int Chq Acc	12.18	9 50	13 13	Qtr
£10,000+	12 82	10 00	13.84	Qtr
£50,000+	13 46	10.50	14 56	Qtr
Premier Savings £5,000+	14 10	11 00	15 07	6-Mth
Exchequer Acc £10,000+	14 74	11.50	15.77	6-Mth
NatWest Special Reserve Account				
41 Lothbury, London, EC2P 2BP			071-374 3374	
£25,000 and above	13.25	10 00	13 84	Qtr
£10,000 to £24,999	12.75	9.625	13.30	Qtr
£2,000-£9,999	12.5	9.375	12 95	Qtr
£500-£1,999	11 75	9 00	12 41	Qtr
Provincial Bank PLC				
30 Ashley Rd, Altrincham, Cheshire			061-928 9011	
H I C.A. (£1,000+)	14.125	11 02	15 45	Mth
Royal Bank of Scotland plc Premium Acc				
42 St Andrew Sq, Edinburgh EH2 2YE			031-228 5650	
£50,000+	13 98	10.90	15.14	Qtr
£25,000-£49,999	13 79	10 75	14 92	Qtr
£10,000-£24,999	13.59	10.60	14 71	Qtr
£2,500-£9,999	12.50	9 75	13 49	Qtr
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB.			0708 766966	
H I.B.A.	13 25	10 34	14 52	Daily
Sterling Bank & Trust Ltd				
Abbey Gdns, 6 Abbey St, Reading RG1 3BA			0734 592543	
HIDA £2,500+	13 70	10 72	14.68	6-Mth
TSB Bank plc (England & Wales)				
100 Lower Thames St, London EC3R 6AQ			071-623 6000	
HICA £1-£499	7 00	5.50	7.33	Yearly
£500-£1,999	9.50	7.50	10 00	Yearly
£2,000-£9,999	11.50	9 00	12 00	Yearly
£10,000-£24,999	11.75	9.30	12 40	Yearly
£25,000+	12.25	9 60	12 80	Yearly
Tyndall & Co Ltd				
29-33 Princess Victoria St, Bristol			0272 744720	
Demand Acc	13.87	10 82	15 02	Qtr
HIMA	13 75	10 73	14 93	Qtr
HIMA £100,000+	14 00	10 92	15.22	Qtr
Client Plus Acc	13.37	10 43	14 46	Qtr
J. Henry Schroder Wagg & Co Ltd				
120 Cheapside, London EC2V 6DS			071-382 6000	
Special Acc	13 75	10.73	15 02	Mth
£10,000 and above	14 00	10.92	15.31	Mth
Western Trust High Interest Cheque Acc				
The Moneycentre, Plymouth PL1 1SE			0752 224141	
£25,000+	14.50	11.31	15 73	Qtr
£5,000-£24,999	14.25	11 12	15.45	Qtr
£1,000-£4,999	14 00	10 92	15 17	Qtr
Wimbledon & South West Finance Co Ltd				
114 Newgate St, London EC1 7AE			071-606 9485	
High Int Cheque Acc	14.50	11.31	15 73	Qtr

NOTES–Gross rate to those exempt from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR Gross equivalent to basic rate taxpayers–compounded annual rate. Int Cr frequency interest credited.

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

EMS speculation boosts pound

PUBLICATION of the March US trade figures meant that the dollar would almost certainly be at centre stage yesterday, but sterling pushed the dollar out of the spotlight on speculation about early UK membership of the Exchange Rate Mechanism of the European Monetary System.

Dealers said comments made in a press interview by Mr John Major the UK Chancellor, contained nothing very surprising. He reaffirmed that Britain is looking seriously at joining the ERM, but the market reacted because this was said so soon after Mrs Margaret Thatcher, the UK Prime Minister, suggested that she no longer opposes a move the towards full EMS membership. Mrs Thatcher indicated at the weekend that the timing of any decision is in the hands of the Chancellor.

The pound rose sharply after Mr Major said that Britain's inflation level would determine the date of membership, but he pointed out that underlying inflation - stripping out mortgage rates and the new poll or local tax - is lower than the figure shown in the monthly retail price index.

The market's view that momentum towards joining the ERM is increasing was reinforced by Sir Geoffrey Howe, the Deputy Prime Minister. He said inflation was the final hurdle to sterling's entry, and like Mr Major highlighted the fact that Britain's underlying inflation rate is not as far out of line with the European average as the RPI suggests.

Rumours circulated that the beginning of July would see full British EMS membership, but in yesterday's euphoric atmosphere - when the Bank of England had to caution the money market against looking for an early cut in bank base rates - this seemed to be another example of the market getting too far ahead of events.

The reason for July may have been that German monetary union is due to take place at the same time, giving the pound a favourable window of entry against a vulnerable D-Mark. City analysts pointed out however that the European Community is unlikely to welcome sterling into the ERM on the same day that monetary union creates such a potentially destabilising influence on the monetary system.

At the London close the pound had gained 1.15 cents to $1.6905. It advanced to DM2.7850 from DM2.7575; to FFr9.3825 from FFr9.2975; to SFr2.3750 from DM2.3500; and to Y257.25 from Y254.00. Sterling's index gained 0.7 to 88.1.

The dollar gained some benefit from the weakening of the D-Mark against sterling, helping the US currency to shrug off disappointing trade data. The US trade deficit widened in March to $8.45bn from $6.10bn. A shortfall of around $7.8bn was expected, but with attention focused on sterling there was little reaction to the figures. The dollar rose to DM1.6475 from DM1.6430; to FFr5.5500 from FFr5.5375; to SFr1.4045 from SFr1.3990; and to Y152.25 from Y151.35. Its index was unchanged at 66.9.

£ IN NEW YORK

May.17	Latest	Previous Close
£ Spot	1.6905-1.6915	1.6795-1.6805
1 month	0.94-0.92pm	0.93-0.92pm
3 months	2.72-2.69pm	2.79-2.76pm
12 months	9.20-9.10pm	9.62-9.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.17	Previous
8.30 am	87.6	87.1
9.00 am	87.7	87.1
10.00 am	87.7	87.4
11.00 am	87.9	87.4
Noon	87.9	87.4
1.00 pm	87.9	87.4
2.00 pm	87.9	87.5
3.00 pm	88.1	87.4
4.00 pm	88.1	87.4

CURRENCY RATES

May.17	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.790273	0.737105
U.S Dollar	7	1.32513	1.24681
Canadian $	13.32	1.55782	1.46376
Austrian Sch.	6½	15.3914	14.3895
Belgian Franc	10¼	45.1969	41.3137
Danish Krone	10½	8.36223	7.81627
Deutsche Mark	6.00	2.18395	2.04540
Neth.Guilder	7.00	2.45348	2.30025
French Franc	10¼	N/A	6.89799
Italian Lira	13½	1606.36	1505.22
Japanese Yen	5¼	201.221	189.516
Norway Krone	8	8.50998	7.96489
Spanish Peseta	-	136.956	128.035
Swedish Krona	12	7.99186	7.48961
Swiss Franc	6.00	1.85916	1.74679
Greek Drach.	20½	N/A	201.984
Irish Punt	-	N/A	0.763464

† European Commission Calculations.
* All SDR rates are for May.16

CURRENCY MOVEMENTS

May.17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.1	-24.1
U.S Dollar	66.9	-11.3
Canadian Dollar	103.5	+0.4
Austrian Schilling	109.9	+11.9
Belgian Franc	111.3	-2.2
Danish Krone	110.9	+5.4
Deutsche Mark	119.2	+25.0
Swiss Franc	114.0	+22.6
Guilder	115.2	+17.0
French Franc	104.8	-11.9
Lira	101.7	-17.9
Yen	120.9	+50.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for May.16 .

OTHER CURRENCIES

May 17	£	$
Argentina	8123.05 - 8193.15	4800.00 - 4840.00
Australia	2.2165 - 2.2185	1.3105 - 1.3115
Brazil	85.4610 - 85.4950	50.5000 - 51.5000
Finland	6.5670 - 6.5795	3.8920 - 3.8950
Greece	274.70 - 275.20	160.20 - 162.80
Hong Kong	13.1685 - 13.1810	7.7855 - 7.7875
Iran	116.50*	69.00*
Korea(Sth)	1180.70 - 1199.75	706.10 - 711.70
Kuwait	0.48990 - 0.49060	0.29090 - 0.29110
Luxembourg	57.35 - 57.45	33.90 - 34.00
Malaysia	4.5595 - 4.5705	2.6960 - 2.6980
Mexico	4758.75 - 4794.00	2812.00 - 2832.00
N. Zealand	2.9470 - 2.9515	1.7415 - 1.7435
Saudi Ar	6.3170 - 6.3275	3.7500 - 3.7510
Singapore	3.1320 - 3.1390	1.8515 - 1.8535
S. Af (Cm)	4.4465 - 4.4575	2.6325 - 2.6340
S. Af (Fn)	6.6390 - 6.7720	3.9215 - 4.0000
Taiwan	44.90 - 45.40	27.30 - 27.40
U.A.E.	6.1845 - 6.1915	3.6720 - 3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

May 17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	8-7¾	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	10-9¾	[illegible]
Italian Lira	13-11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	10¼-10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D.Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

May 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6800 - 1.6955	1.6900 - 1.6910	0.94-0.92cpm	6.60	2.71-2.68pm	6.38
Canada	1.9805 - 1.9890	1.9825 - 1.9835	0.24-0.17cpm	1.24	0.70-0.58pm	1.29
Netherlands	[illegible]	[illegible]	[illegible]	6.47	[illegible]	6.31

[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar [illegible] 12 month 9.22-9.12cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
May	2090.0	2123.0	+43.0	2126.0	2089.0	3,993
June	2098.0	2129.0	+45.0	2129.0	2098.0	930
July	2098.0	2108.0	+24.0	2108.0	2098.0	1
September	-	-	-	-	-	10

Estimated volume 4,587 Total Open Interest 4,934

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6842	1.6870	1.6814	1.6708
Sep	1.6582	1.6614	1.6554	1.6440
Dec	1.6350	1.6350	1.6322	1.6200

BASE LENDING RATES

	%		%		%
ABN Bank	15	Coutts & Co	15	NatWestminster	15
Adam & Company	15	Cyprus Popular Bk	15	Northern Bank Ltd	15
Allied Trust Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Duncan Lawrie	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Equatorial Bank plc	15	Roxburghe G'antee	15½
Associates Cap Corp	15½	Exeter Trust Ltd	15½	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Trust Bank	15
Bank of Baroda	15	First National Bank Plc.	16½	● Smith & Williams Secs.	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	Standard Chartered	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	TSB	15
Bank of Cyprus	15	Girobank	15	UNIbank Plc	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15½
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
Co-operative Bank	*16	Nat Bk. of Kuwait	15		

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MONEY MARKET

Caution signalled

INTEREST RATES declined in London yesterday and at one time the important three-month interbank rate threatened to fall below 15 per cent. As euphoria swept through financial markets, the Bank of England moved to dampen speculation about lower bank base rates by providing part of its money market assistance through loans to the discount houses at the existing bank base rate level.

UK clearing bank base lending rate 15 per cent from October 5

Speculation that the UK Government is moving towards full membership of the EMS led to a marked improvement in sentiment. The mood was reinforced as British unemployment showed the first increase for nearly 4 years, encouraging the view that UK bank base rates are now unlikely to rise. An unchanged rise of 9.5 per cent in March average earnings was in line with expectations, while a Public Sector Borrowing Requirement of £2.1bn in April was higher than most forecasts, but had no impact. Three-month sterling interbank fell to 15⅛-15 per cent from 15⅜-15¼ and all fixed periods through to 12-months were quoted at 15⅛-15 per cent as an indication that dealers are waiting for more evidence before deciding whether base rates will soon be cut.

Rising optimism led to hectic trading in short sterling futures on Liffe. Total volume was a record of over 126,000 contracts. September delivery rose very sharply to a peak of 85.70, before closing at 85.45, compared with 85.04 previously.

Credit conditions were fairly tight on the money market. The Bank of England initially forecast a day-to-day shortage of £800m, but revised this to £750m at noon. Total help of £689m was provided.

Before lunch the authorities bought £141m bills outright, by way of £5m bank bills in band 1 at 14⅞ per cent and £136m bank bills in band 2 at 14⅞ per cent. In the afternoon another £323m bills were purchased, through £224m bank bills in band 1 at 14⅞ per cent and £99m bank bills in band 2 at 14⅞ per cent. Discount houses then borrowed £225m from the Bank of England at a rate of 15 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £690m. A rise in the note circulation absorbed £85m, and bank balances below target took out £110m. These outweighed Exchequer transactions adding £105m to liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. May.17) 3 months US dollars		6 months US Dollars	
bid [illegible]	offer [illegible]	bid [illegible]	offer [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

		Treasury Bills and Bonds			
Prime rate	10	One month	7.76	Three year	8.58
Broker loan rate	[illegible]	Two month	7.70	Four year	8.63
Fed.funds	[illegible]	Three month	7.89	Five year	8.67
Fed.funds at intervention	-	Six month	8.03	Seven year	8.69
		One year	8.19	10-year	8.66
		Two year	8.50	30-year	8.62

May.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	8.05-8.15	8.10-8.20	8.20-8.30	8.50-8.65	8.00
Paris	[illegible]	[illegible]	-	[illegible]	-	9.50
Zurich	[illegible]	[illegible]	-	[illegible]	-	-
Amsterdam	8.00-8.13	8.21-8.29	-	8.37-8.44	-	-
Tokyo	[illegible]	[illegible]	-	[illegible]	-	-
Milan	[illegible]	[illegible]	-	[illegible]	-	-
Brussels	9.70	[illegible]	-	[illegible]	-	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-

LONDON MONEY RATES

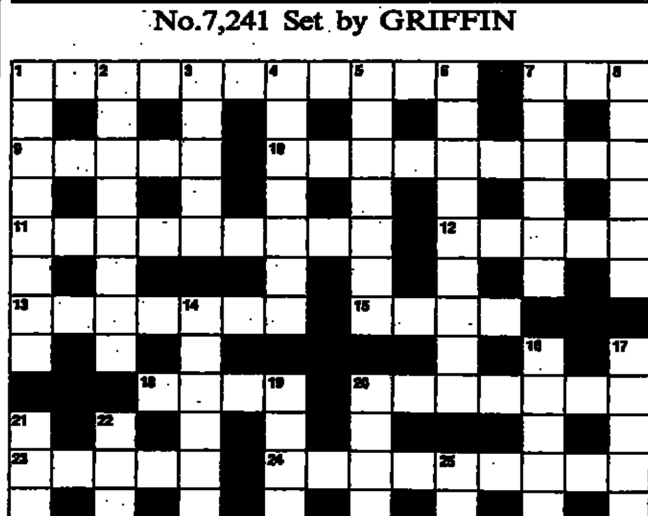
May 17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	15	15	15
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	-	-
Company Deposits	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	15	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	[illegible]	[illegible]	-	-
Bank Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Fine Trade Bills (Buy)	-	-	[illegible]	[illegible]	[illegible]	-
Dollar CDs	-	-	8.27	8.35	8.45	8.70
SDR Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month [illegible] per cent; three months [illegible] per cent; Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent; Treasury Bills; Average tender rate of discount 14.5209 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30 ,1990 . Agreed rates for period May 26 to June 25 , 1990, Scheme I: 15.94 p.c., Schemes II & III: 16.49 p.c. Reference rate for period March 31,1990 to April 30 , 1990, Scheme IV&V: 15.247 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from May 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,241 Set by GRIFFIN



Six (unidentified) Across clues have no definitions but are all followers of 28.

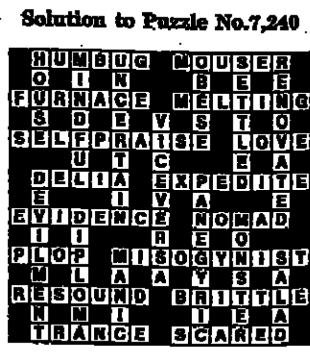
ACROSS

1 Mum wore woolly to test what rainwear should be (11)
7 IRA explosion (3)
9 Hail soldiers in pick up (5)
10 Trophies directors put in lockers (9)
11 Strong tea brewed for prince (9)
12 First woman in the Fifties (5)
13 An unusual present (7)
15 First silly moo to be late! (4)
18 Man with sweetheart (4)
20 Name silly individual (7)
23 Not running after father (5)
24 Drunk is over in pub, turning upside-down (9)
26 Middlemen have seen ring replaced by mechanics (9)
27 To be paid nothing to fly (5)
28 Water some of those asters (3)
29 Performer to join train travelling round the orient (11)

DOWN

1 Point out model posing in street – (8)
2 – sure to go topless after public opening (8)
3 Rock pianist is student in school (5)
4 Quiet accent, oddly morbid (7)
5 Torment many people after work (7)
6 Free pay abandoned (9)
7 Show rare form around four (6)
8 More sultry, in effect (6)
14 Being in the wrong scene, exit (9)
16 Decision against cooking in oil to (8)
17 Enter wrong time inside for young person (8)
19 Clear the damage after quarter to six (7)
20 Counsellor drives a Rolls (7)
21 Policemen not in charge of volunteers (6)
22 See soldier around midnight on a balcony (6)
25 Lady artist holding a carrier (5)

Solution to Puzzle No.7,240



[illegible] من الأصل

WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices May 17

200 Cara A f	$16½	16½	15½ + ¼	173 Royal D	$12	12	12	
500 Carena	$20¼	20¼	20¼ + ¼	29800 Hees Intl	$23⅞	23¾	23⅞	
500 Cascades	405	405	405	68462 Hemlo	$13¾	13⅝	13¾	
20 Celanese	$30½	30½	30½	6500 Horsham f	$9⅞	9¾	9¾	
3250 Cen Capital	$9½	9⅜	9½	211 H BayMn s	$7	7	7	
21300 CenCap A	$7⅝	7½	7½ − ⅛	2548 H Bay Co	$28½	28½	28½ + ⅛	
				19270 Imasco L	$38½	38⅛	38½ + ¼	

111322 Placer Dm	$18	18¼	18⅝ − ⅛
1700 Poco Pet	$8½	8⅜	8½
26700 Powr Cor f	$15⅛	15⅛	15⅛ + ⅛
1200 Powr Fin	$18⅞	18¾	18¾ − ⅛
13250 Provigo	$8⅝	8⅝	8⅝
364 Que Tel	$14¾	14¾	14¾ + ⅛
54000 Ranger	$7½	7⅛	7½
1784 Weston	$30½	30⅛	30½ + ⅛
3337 Woodwd A	150	140	140 − 10

f—No voting rights or restricted rights

INDICES

NEW YORK

DOW JONES	May 16	May 15	May 14	May 11	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2819.68	2822.45	2821.53	2801.58	2822.45 (15/5)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.09	89.91	89.74	89.44	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1174.08	1177.10	1180.65	1177.45	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.05	217.24	217.12	216.99	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2841.44 (2840.74) Low 2800.23 (2798.15)

STANDARD AND POOR'S	May 16	May 15	May 14	May 11	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	354.00	354.28	354.75	352.00	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	411.52	411.86	412.62	409.45	412.62 (14/5)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	29.20	29.28	29.05	28.70	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	193.14	193.31	193.65	192.24	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	353.68	353.56	354.34	352.50	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	442.93	442.50	441.61	438.10	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	May 11	May 4	Apr 27	year ago (approx.)
Dow Industrial Div. Yield	3.93	4.05	4.15	3.43
	May 9	May 2	Apr 25	year ago (approx.)
S & P Industrial div. yield	3.07	3.13	3.13	3.17
S & P Indl. P/E ratio	15.20	14.85	14.72	12.82

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Alcan Aluminium	9,185,700	21¼	− ¼
Circle K	3,091,100	1¼	− ⅜
US West	2,374,900	36¼	—
Texas Utilities	2,193,500	36⅝	+ ⅛
K Mart	2,141,500	33¾	− ⅛
Hewlett Pkd	1,868,100	46⅛	− 1⅜
Advanced Micro	1,861,100	10	− ⅛
IBM	1,761,500	115⅝	− ¼
Philip Morris	1,581,500	44½	− ⅜
Am T & T	1,538,700	42	+ ¼

TRADING ACTIVITY

† Volume Millions	May 16	May 15	May 14
New York	161.886	165.730	225.410
Amex	10.590	13.116	14.026
NASDAQ	152.494	162.534	177.170
Issues Traded	2,015	2,002	2,045
Rises	703	641	1,061
Falls	792	847	529
Unchanged	520	514	455
New Highs	35	35	120
New Lows	45	46	34

CANADA

TORONTO	May 16	May 15	May 14	May 11	1990 HIGH	1990 LOW
Metals & Minerals	3058.60	3075.40	3122.00	3138.00	3453.05 (4/1)	2850.80 (23/4)
Composite	3486.80	3505.40	3526.60	3535.00	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1797.94	1807.36	1821.48	1832.08	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 17	May 16	May 15	May 14	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1481.6	1493.8	1507.8	1517.2	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	731.8	740.8	752.4	761.1	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	591.14	605.79	608.45	608.36	783.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6163.50	6168.44	6166.20	6121.81	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	365.53	364.26	362.09	361.68	380.47 (28/3)	352.96 (25/4)
FINLAND						
Unitas General (1975)	570.3	565.8	566.0	562.8	677.3 (23/1)	562.2 (11/5)
FRANCE						
CAC General (31/12/82)	(u)	548.15	552.17	554.18	557.60 (7/5)	482.94 (26/2)
CAC 40 (31/12/87)	2103.94	2070.70	2070.67	2090.14	2129.32 (20/4)	1880.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	776.5	784.64	781.59	786.79	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2249.9	2274.4	2264.5	2279.0	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1842.58	1841.77	1851.25	1860.33	1968.56 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2917.63	2948.89	2965.09	2976.44	3067.67 (19/4)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1631.28	1636.31	1619.83	1617.38	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	721.21	713.00	709.76	703.92	721.21 (17/5)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	32061.60	31967.62	31997.04	32042.65	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2399.23	2403.77	2398.78	2390.32	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3862.20	3895.38	3848.78	3845.46	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	559.46	557.82	559.74	562.83	622.20 (28/2)	518.53 (2/5)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	263.6	260.6	259.6	259.4	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	199.1	196.8	196.1	196.0	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	(c)	844.68	847.37	853.21	853.21 (14/5)	781.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	960.43	974.92	974.80	977.08	1160.70 (21/3)	936.57 (30/4)
SINGAPORE						
SES All-Singapore (2/4/75)	423.87	422.39	424.66	426.24	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1681.0◆	1684.0	1677.0	1736.0	2230.0 (16/1)	1677.0 (15/5)
JSE Industrial (28/9/78)	2932.0◆	2928.0	2935.0	2941.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	773.43	756.87	724.76	734.42	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	285.06	286.34	(c)	285.69	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1225.00	1212.20	1220.50	1224.00	1317.80 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	777.5	777.5	777.9	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	7927.17	8059.14	8569.55	8275.02	12495.34 (10/2)	7927.17 (17/5)
THAILAND						
Bangkok SET (30/4/75)	908.79	894.03	889.80	887.78	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	515.8	517.8	515.9	571.0 (4/1)	468.3 (2/4)

**Saturday May 12: Taiwan Weighted Price: 8361.18 Korea Comp Ex. 749.08
◆ Subject to official recalculation.
Apr6 Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday May 17 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sanyo Electric	18.1m	932	-8	Clarion	9.3m	1,180	+70
Hitachi	16.9m	1,600	+20	Isuzu Motors	9.2m	1,110	-60
Nippon Mining	14.6m	1,070	-10	Fujitsu	8.2m	1,470	+40
Kurabo Industrie	12.6m	1,010	+30	Toshiba	8.1m	1,100	+20
Ebara	12.6m	2,030	+150	Tosoh	7.9m	820	+84

3pm prices May 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	20¼	AAR	.48	2.2	13	507	22½	21⅝	21⅞	- ⅛
9¾	8	ACM n	1.01	12.		119	8⅝	8½	8⅝	
11⅝	8½	ACMIn	1.26	13.		1030	9⅝	9½	9⅝	+ ⅛
9⅞	7⅛	ACM M	e1.01	13.		347	8	7⅞	7⅞	
12¼	10½	ACMMM				363	10½	d10	10¼	- ⅛
11½	9⅜	ACM Sc	1.26	13.		1498	9⅞	9⅝	9⅞	+ ¼
9⅜	8⅛	ACMSp	1.01	12.		539	8½	8⅜	8⅜	
22⅞	14⅜	AL Lab	.16	.7	19	43	21⅞	21½	21⅝	
4⅝	3	AMCA	.20e	6.4	9	30	3⅛	3⅛	3⅛	
6⅛	2⅛	AM Int			9	1143	2⅞	2½	2⅝	+ ⅛
23¼	10½	AM In pf	2	19.		1700	10⅞	d10¼	10¼	- ⅛
107¼	62⅛	AMR			13	5690	66¼	65⅞	66⅛	+ ⅛
27	25	ANR pf	2.67	11.		1	25¼	25¼	25¼	
4⅜	3	ARX				63	3⅝	3½	3½	
72⅞	39	ASA	3a	6.3		216	48½	48	48	- ¼
71⅜	55¼	AbtLab	1.68	2.4	16	4068	71½	70¾	71	+ ¼
36⅛	27⅝	AbtLb wi				28	35⅞	35¼	35¼	
17⅛	11⅛	Abitibi g	.50			28	12⅜	12¾	12⅜	
13	8¾	AcmeC	.40	4.3	11	15	9⅝	9⅞	9⅝	
9⅜	7⅝	AcmeE	.32	3.6	11	10	9⅛	9	9	
40	28⅜	Acuson			23	204	39	38¼	39	+ ⅞
16½	13⅝	AdaEx	2.06e	13.		158	16⅛	16	16⅛	+ ⅛
15⅜	8⅞	Adobe				119	12⅞	12½	12⅞	+ ½
20¼	17¼	Adob pf	1.84	9.7		8	18⅞	18⅞	18⅞	- ⅛
21⅞	20⅛	Adob pf	2.40	12.		10	20⅜	20½	20⅜	+ ¼
10⅝	6⅞	AMD			22	5785	10⅜	10	10⅜	+ ⅜
35	28¼	AMD pf	3	9.7		131	31¼	30⅞	30⅞	+ ⅛
10⅛	4⅜	Advest	.16	3.4	59	128	4⅜	4⅜	4⅜	
62½	45¼	AetnLf	2.76	5.4	9	1023	52	51	51	- ½
14	9¾	AflPb	.24	2.5		1033	9⅞	9⅝	9⅝	
26	16⅛	Ahmans	.88	4.5	9	1970	20	19½	19⅞	+ ⅛
3⅝	1⅞	AlSeen				13	2⅛	2⅛	2⅛	

Continued on Page 45

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NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20	13¼	RussBr	.40	2.9	14	x338	13⅞	13⅝	13⅞	+ ⅛
16	7⅝	RussTg	.20	2.6		67	8	d 7¾	7¾	− ¼
27¼	20	Russell	.32	1.3	16	166	25½	25⅜	25½	− ⅛
31⅛	17⅝	Ryder	.60	2.9	61	1078	20⅞	20⅜	20⅜	+ ¼
29½	15¼	Rykoff	.60	3.6	13	37	16⅝	16⅜	16½	− ⅛
25¾	18¼	Ryland	.60	2.9	6	597	20½	19⅞	20½	+ ⅜
10⅝	8⅝	Rymr pf1.17		13.		6	9	9	9	
		− S−S−S −								
41	30⅜	SCEcp	2.68	6.8	10	2069	39¼	38⅜	38½	− ⅛
60⅛	30¼	SPSTec	1.28	3.9	14	15	33	32⅞	33	+ ½
36⅝	22¼	SPX Cp	1	3.7	5	91	27⅛	26¾	27¼	+ ¼
17¼	4⅛	Saatchi	.51e	10.		3005	5¼	4⅞	5⅛	− ⅛
14⅝	10⅞	SabnR	1.45e	12.	9	28	11¾	11⅝	11¾	+ ⅛
8⅛	4⅞	Salecrd	.10	1.1	11	9172	u 8⅞	8¼	8⅞	+1
19	12⅝	SigdSc			9	16	13⅛	13⅛	13⅛	− ⅛
38⅛	27¼	SafKln	.40	1.1	27	691	37⅝	36⅞	37⅛	
12⅞	11⅝	Safewy n				801	12¼	12	12¼	+ ⅛
3⅜	2½	Sfwy wt				39	2⅜	2⅝	2⅜	+ ⅛
9¼	6⅝	SalGas	1.12	16.	20	516	6⅞	6¼	6⅞	+ ½
45⅛	35⅜	StJoe n	.20	.5		35	37¼	37	37¼	+ ⅛
26⅝	21⅛	StJoLP	1.60	6.2	11	11	26⅛	26	26	
28	4½	Salant				90	6½	6¼	6½	+ ⅛
53½	38½	SalleM	s .52	1.0	20	2580	50¼	49¼	49⅞	+ ⅜
28⅛	20	Salomn	.64	2.7	8	3580	23⅜	23¼	23⅜	+ ⅜
14¼	12	SalmBr	1.79e	14.		263	13⅛	13	13	+ ⅛
45⅝	38½	SDieGs	2.70	6.2	12	207	43⅝	43¼	43½	+ ⅛
9⅞	7⅛	SJuanB	.15e	2.1	43	10	7⅛	7¼	7⅛	
35	26	SAnttR	2.08	7.8	16	86	27⅛	26⅞	26⅞	− ½
14	5⅛	SFeEP	.80	14.		99	6⅞	5⅝	5⅞	
18¼	15¼	SFER n				511	17¼	17⅛	17¼	+ ⅛
27¾	21⅜	SFePP	2.40	9.4	8	123	25⅝	25⅛	25½	− ⅛
25¾	16⅛	SFePCp	.10e	.5		2316	20⅞	20⅜	20⅝	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12⅞	7⅛	WyleLb	.28	2.4	16	696	12¼	11⅞	11⅞	
27¾	18	Wynns	.60	3.0	13	8	19⅞	19⅞	19⅞	
		− X−Y−Z −								
66½	46	Xerox	3	6.6	8	2537	50¼	49½	49⅞	
49	44⅝	Xerox pf4.13		8.6		10	48	48	48	+1⅛
36⅝	21¼	XTRA	.48	2.2		112	22⅛	22	22	
29	18⅜	XTRA pf1.94		10.		6	19⅝	19¼	19⅜	+ ⅛
4⅛	2⅛	Zapata				111	2⅜	2¼	2¼	
12⅛	6⅞	Zemex				5	7	7	7	− ⅛
21⅛	7⅜	ZenithE				238	9½	9⅛	9⅛	− ⅛
21½	13½	ZenNtl	.84	6.3	9	38	15⅞	15⅜	15⅜	+ ⅛
9⅝	5⅝	Zenix	.90	16.		x219	5⅞	5⅝	5⅝	+ ⅛
16½	12⅞	Zero s	.40	2.8	14	266	14⅝	14⅛	14½	+ ¼
48⅞	28	Zurmin	.76	1.6	21	522	u47½	46⅝	47	+ ½
12⅝	10⅜	Zweig	1.21e	10.		624	11⅞	11½	11⅜	+ ⅛
10	8⅞	ZweigTl	.96	11.		698	9¼	9⅛	9⅛	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices May 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
PlyGem	.12	16	27	8⅝	8½	8⅝	− ⅛
Presd A	.10		150	6¼	6	6¼	+ ⅛
PrcCm s			16	3⅞	3¼	3⅞	
ProMed	.42	9	25	5⅛	5	5	
		− R−R −					
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices May 17

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

AMERICA

Equities come off highs as profit-taking sets in

Wall Street

EQUITIES moved sharply higher yesterday morning, encouraged by active buying related to stock index arbitrage, but came off their peaks at midsession as profit-taking set in, *writes Janet Bush in New York.*

At 2pm, the Dow Jones Industrial Average was quoted 9.95 higher at 2,829.63 on moderately active volume of 111m shares, having stood more than 25 points higher in mid-morning. The Dow had closed 2.77 points lower on Wednesday at 2,819.68.

After stabilising over the previous two sessions, the stock market had been expected to move higher, particularly given a strong performance by equities overseas. A large proportion of the morning gains, however, came as stock index futures surged to large premiums to their underlying stocks, prompting selling of the futures and buying in the cash market.

The buying came in spite of a wider than expected US merchandise trade deficit in March of $8.45bn from a revised $6.10bn in February, slightly lower than the $6.49bn shortfall previously reported.

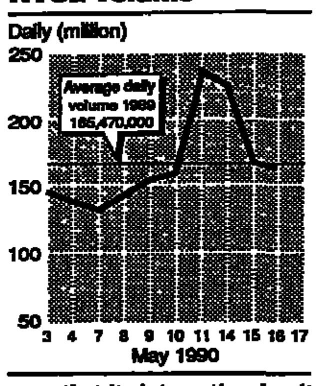
Among featured stocks yesterday was Sotheby's, the auction house, which was the most actively traded stock on the New York Stock Exchange yesterday morning. The stock added $⅛ to $19⅛ in advance of a major sale yesterday evening of impressionist and modern paintings which was expected to attract record prices.

American Telephone & Telegraph gained $⅜ to $43⅜ on news that its international unit is part of a consortium chosen by Japan's Nippon Telegraph to jointly develop a digital mobile telephone system.

Federal National Mortgage Association gained $¾ to $39 after a key measure of the company's profitability widened in April, suggesting that its profits got off to a good start in the second quarter. National Westminster Bank shares listed on the NYSE jumped $1⅛ to $33⅝ on news that the bank is in discussions to acquire Européenne de Banque from Crédit Commerciale de France. This deal would more than double Natwest's network in France.

On the over-the-counter market, DST Systems jumped $1⅞ to $14½ on news that Kansas City Southern Industries had offered to pay $14 a share for DST's publicly-held shares. Kansas City already owns 87.1 per cent of DST.

NYSE volume



Canada

TORONTO stocks fell from early highs at midsession. Oil shares boosted the market while gold shares faltered. The composite index rose 15.8 to 3,502.5 on lower volume of 11.25m shares as investors retreated before the Victoria Day long weekend. Advances led declines 242 to 177.

Placer Dome lost C$¼ to C$18⅞ after saying it expected output to be about 1.4m ounces in 1990, 100,000 ounces higher than market expectations. The banking sector improved, led by the Royal Bank, up C$⅜ to C$21¾, the National Bank, up C$⅛ to C$9, and the Canadian Imperial Bank of Commerce, up C$⅜ to C$27. Unicorp was unchanged at C$2.15 after reporting a jump in first quarter earnings to 10 cents from five cents a share.

A bourse kept afloat by private investors

John Burton on the Stockholm stock market's recovery from its fall earlier this year

THE Stockholm stock market is recovering from its fall during the first quarter of 1990, although the Affärsvärlden index is still 3 per cent below where it was at the end of 1989, when it finished at 1,262.0.

The bourse's performance for the rest of the year is expected to remain lacklustre. Investors may have to wait until next year, when the tax reform makes its full impact, to see market activity blossom.

The bourse's recent climb from this year's low of 1,127.2 on April 2 to yesterday's 1,225.0 is due to a variety of short-term factors, the latest of which was the Riksbank's decision to lower the discount rate by one percentage point to 11 per cent, following a downward trend in market rates.

A few major deals have also pushed the index upwards, including Stora's acquisition of Feldmühle Nobel in West Germany and the Wallenbergs' takeover of Saab-Scania. Several Swedish companies have reported favourable results, including Ericsson, the exchange's star performer, which revealed a 94 per cent increase in profits during the first quarter.

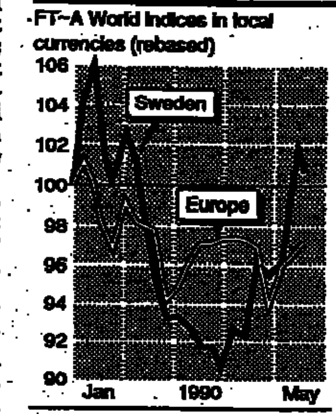
Ericsson's results would seem to prove the point that most Swedish multinationals are largely protected against the country's economic problems, which are characterised by a low growth rate and high inflation, due to their sizeable international operations.

However, corporate forecasts for the year suggest profit growth is slowing down after seven straight years of record advances.

This reflects demand weakness in the North American markets as well as Sweden's high production costs harming exports. Poor first quarter results from Volvo and Electrolux, released yesterday, illustrate the problem.

Institutional investors are continuing to direct their money abroad, with the monthly outflow having doubled to SKr6.2bn during the first quarter, although they are still hunting for bargains at home. However, these are few and far between, with most Swedish stocks considered overvalued at the moment. As a result, they are eagerly awaiting an expected crop of new share issues after a relatively dry period during the past year.

FT-A World Indices in local currencies (rebased)



It is the private investors who are now keeping the bourse afloat. Since the beginning of the year, savers have been able to switch their funds from tax-free bank accounts, which contain a total of SKr70bn, to tax-exempt mutual funds. An estimated SKr7.5bn, or more than 10 per cent of the bank account savings, have been transferred to the mutual funds and this amount could reach SKr12bn before the year is out.

Daily turnover, however, is anaemic, averaging SKr250m to SKr300m. This represents an annual rate of about 10 per cent of the market's total capitalisation of SKr700bn compared to a 16 per cent turnover rate in 1989, which was already regarded as poor in light of the 35-40 per cent rates achieved during the bourse boom of the mid-1980s.

This partly reflects a temporary and technical hike in the capital gains tax this year to 50 per cent on shares held less than two years, discouraging short-term profit-taking. But the tax reform programme will cut taxation on dividends next year to an uniform 30 per cent irrespective of how long a share is held. This should boost trading volume. It will also encourage the issuance of new shares.

Corporations are expected to distribute a larger share of their profits as dividends, as a result of the lower taxes, and the dividend payments could increase in size. One main reason is the abolition of the tax-free corporate investment reserves, which will free more capital for dividends. In a show of good faith, many Swedish companies increased their dividends significantly for 1989 despite sluggish earnings in some cases.

The 2 per cent tax on securities transactions, which has forced the transfer of trading in Swedish blue-chips to London and elsewhere, will be cut in half at the beginning of 1991, which will also revive bourse activity.

EUROPE

Frankfurt lags behind as most bourses rise

A NUMBER of bourses found reasons to rise yesterday, leaving the recently dominant Frankfurt looking uncomfortable, indecisive and out of touch, *writes our Markets Staff.*

PARIS closed higher on a combination of futures-related buying and renewed foreign interest in blue chips. The CAC 40 index ended 33.24 higher at 2,103.94, just below the day's highs of 2,105.52 with volume estimated at well over FFr3bn.

Total built on Wednesday's gains and closed FFr8 higher at FFr719 on growing rumours of a rights issue while Lafarge, which rose sharply at the start of the week, closed only FFr1 better at FFr469. But dealing in Lafarge shares continued to be strong, with 392,490 shares changing hands.

Havas, the advertising company, rebounded FFr37 to FFr684 after last week's losses and thanks to positive remarks about 1990 by the company's chairman at an analysts' meeting yesterday. Peugeot also recovered after recent weakness to close FFr12 higher at FFr845 while Midi rose FFr76 to FFr1,369 though brokers could not pinpoint a reason apart from a recovery after profit-taking earlier in the month.

Late in the day Paribas jumped FFr12 to FFr701, after being flat for most of the day, as a large order hit the market.

MILAN started the new trading account in a positive mood and shares gained across the board. Sentiment was encouraged by renewed interest from abroad and a growing belief that data from the mutual funds due soon would be better than expected. Turnover was estimated around a healthy L400bn. The Comit index rose 8.21 to 721.21.

A large amount of stocks went ex-dividend yesterday while Ifil and Italmobiliare eased as their capital increases came into play. Ifil fell L205 to L10,285 and Italmobiliare lost L4,600 to L216,500.

Among featured stocks, Generali attracted both foreign and domestic demand and closed L1,150 higher at L42,140.

Fiat however once again lagged, only managing to rise L26 to L10,285 though it advanced after hours.

Shares of Mr Carlo De Benedetti's holding company added L115 to L5,635 on continued expectations that the financier would soon sell his stake in Société Générale de Belgique.

STOCKHOLM ignored dismal results from Electrolux and Volvo to close higher in active trade, following a decision by the central bank to cut the discount rate to 11 per cent from 12 per cent. The Affärsvärlden rose 12.8 to 1,225.0 on turnover of SKr420m. Ericsson and Astra dominated trade, with their free B-shares rising SKr46 and SKr7 to SKr1,088 and SKr482 respectively.

Volvo shares firmed in spite of a weak first quarter result, with the free B's rising SKr3 to SKr318. Electrolux free B's were unchanged at SKr250 after reporting a 41 per cent drop in first quarter net profit.

FRANKFURT closed virtually unchanged in thin dealings, but after a sizeable drop in the pre-market and in the first hour or 90 minutes of official trading, which saw leading companies like Veba and Volkswagen moving within ranges of 2 or 3 per cent.

The DAX index closed a mere 0.19 lower at 1841.58, after an intraday fall of nearly 20 points, and a drop of 8.14 to 776.50 in the FAZ at midsession. Overall, market volume fell by DM2bn to DM6.6bn.

With Deutsche Bank going ex-dividend, the technical play between its new and old shares tailed off, although it still traded in DM1.1bn, down from DM1.5bn on Tuesday as the shares eased DM7 to DM776.50. Among other banks, Commerzbank eased DM1.50 to DM294.50, while Dresdner firmed DM1 to DM431.

"When you buy, there's no supply, and when you want to sell there are no buyers," complained a London broker, who noted that a miniscule order for Karstadt, the department store group, put DM20 on the share price which closed DM12 higher on the day at DM694.

ZURICH also saw a late afternoon rally, but this transformed a sluggish situation into an aggressive buyers' market. Zurich Insurance, depressed by rumours yesterday that its registered shares would be opened to foreigners, saw its bearers recover SFr110 to SFr4,490 after a SFr230 fall on Wednesday.

The Crédit Suisse index rose 4.6 to 623.0. There was strong interest in Roche, whose dividend rights certificate rose SFr70 to SFr3,990. Oerlikon-Bührle closed SFr20 better at SFr1,020; at a press conference, it said it expects to post a slight profit in 1990, the first time in the black since 1985.

AMSTERDAM followed London higher. "Both the UK and the Dutch market have underperformed since the start of the year so they have some catching up to do," one broker said. The CBS Tendency index rose 1.4 to 119.7.

There was good demand for Royal Dutch, from the US in particular, in spite of its first quarter results coming in at the lower end of expectations and its six per cent premium to London-listed Shell. The stock recovered from lows of Fl 142.80 to close Fl 2.20 at Fl 145.80. There was tremendous volume in Fokker, with 561,381 shares traded, and the stock hit a high of Fl 50.30 before closing 20 cents higher at Fl 49.60.

Aegon was unchanged at Fl 128 before reporting a 14 per cent rise in first quarter net profit after the market closed. United Biscuits of the UK said its Fl 400 a share agreed offer for Verkade, the chocolate and biscuit maker, would close on May 25 at 1300GMT.

MADRID trimmed earlier losses but still ended down on the day as near-record growth in money supply dampened hopes of an early cut in interest rates. The market was also getting nervous as the important 300 level on the index approached. The general index closed 1.28 lower at 285.06 after losing 2.29 to 284.05 at the end of the pit session on profit-taking. Construction bore the brunt, with Dragados losing Pta45 to Pta3,190 and Asland shedding Pta130 to Pta6,070.

ASIA PACIFIC

Environmental issues rise on 'green fund' notions

Tokyo

ENVIRONMENTAL stocks featured yesterday in a generally cautious market, where the Nikkei average managed to climb back above 32,000, but the Topix index was lower in thin trading, *writes Michiyo Nakamoto in Tokyo.*

Investors, already wary of pushing the market too far following its recent advance, retreated to the sidelines before yesterday's announcement of US trade figures for March. But buoyant interest in special situations pushed share prices higher at the start, with the Nikkei average rising over 200 in the first fifteen minutes of trading.

Although trading was volatile, the Nikkei stayed ahead to close 93.98 higher at 32,061.60. The intraday high was 32,178.68, and the low was 31,881.64. Declines outpaced advances by 518 to 422, with 187 issues unchanged. Volume dropped to 580m shares from 750m on Wednesday. The Topix index of all listed stocks eased 4.54 to 2,399.23 while in London, the ISE/Nikkei 50 index rose 6.29 to 1,794.17.

Brokers are not expected to be active in the next week or so, while the major securities firms transfer employees. Japanese companies regularly move their staff from department to department. As a result, interest focused yesterday on special situations which could be bought without the active participation of the dealers.

Environmental issues were a favourite on speculation that the large investment trust funds would establish "green funds." Sanyo Electric, which manufactures large capacity batteries, a clean energy source, was top on the volumes list with 18.1m shares. It closed down Y8, however, at Y932.

Ebara, which has developed a machine to stop substances which cause acid rain escaping chemical plants, rose Y150 to Y2,030 in active trading. Tosoh advanced Y84 to Y820 on reports that it has found a way to break chlorofluorocarbons into other substances.

Elsewhere, Nippon Mining, the resources company, was third in volume with 14.8m shares on continuing rumours that it could be a major player in the restructuring of the Japanese oil industry.

Clarion, a specialised audio maker, rose Y70 to Y1,180 on rumours that a speculative group was buying its shares.

Osaka succumbed to profit-taking. The OSE average fell 149.78 to 34,627.68, the first fall it has seen in 10 trading sessions. Volume fell to 53.1m shares from 76.2m.

Roundup

DECLINES outweighed advances in the region for a variety of reasons yesterday, including the slightly softer tone of Wall Street overnight.

SYDNEY was unhappy about the drop in profits at Westpac Banking, following Tuesday's sharp profit declines at News Corp and ICI Australia. The All Ordinaries index posted its third decline in a row, 12.2 to 1,481.6.

However, rises slightly outnumbered falls in turnover of 80m shares and A$201m, against Wednesday's 88m and A$169m. Westpac dropped 28 cents to A$4.96; National Australia Bank, which reported a 6 per cent rise in first-half earnings, eased 4 cents to A$6.32; and ANZ Banking, which reports first half results next week, fell 12 cents to A$4.98.

Western Mining was hard hit the nickel price decline and revised brokers' forecasts, falling 29 cents to A$4.38.

HONG KONG hit its lowest level in more than two months on continued political worries, and even after some late buying the Hang Seng index dropped another 31.26 to 2,917.63. Turnover shrank to from HK$1.05bn to HK$902m, the lightest in two weeks.

Utilities posted the steepest losses, followed by banks and properties. The first anniversary of the June 4 bloodshed in Peking was still in investors' minds.

TAIWAN, fearing that the rising US dollar would accelerate capital outflows, saw the weighted index down another 131.97, or 1.6 per cent after a 510.41 fall on Wednesday. Its close of 7,927.17 was the lowest since July 15 last year.

The banking and food sectors both dropped by 2.6 per cent, as volume fell from 1.6bn shares and NT$125bn to 1.3bn and NT$99bn.

MANILA was depressed by divided sentiment in the fourth day of talks concerning the future of US military bases in the Philippines. The composite index dropped 14.49, or 1.5 per cent to 960.43, in light to moderate volume.

In more optimistic territory, SEOUL continued its recovery as investors took heart from government measures to stabilise the market; the composite index closed 16.56 higher at 773.43 in heavy volume of 16.6m shares and 280bn won. BANGKOK's SET index put on 14.76 to 908.79 in heavy turnover dominated by the construction (liked on price grounds by foreign investors), insurance and finance sectors. BOMBAY's stock exchange index fell 16.54 points to 770.36 after anticipated reliefs were not announced during a debate on the 1990/91 budget. Share prices fell on a broad front, also affected by Prime Minister Vishwanath Pratap Singh's warning that the situation along the border between India and Pakistan was explosive.

SOUTH AFRICA

DE BEERS brightened a dull market on rumours that it was planning a further severance of its South African operations. It closed R2.5 higher at R107 after touching R110. The overall share index rose 35 to 3,240.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MAY 16 1990						TUESDAY MAY 15 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	134.32	−0.9	118.60	117.08	−0.9	5.93	135.59	119.83	118.14	158.31	125.85	135.48
Austria (19)	255.31	−0.9	225.45	218.22	−0.9	1.24	257.75	227.80	220.20	285.63	193.15	118.42
Belgium (61)	153.59	+0.1	135.62	128.78	−0.1	4.49	153.51	135.67	128.90	160.02	132.11	130.48
Canada (120)	135.13	+0.0	119.32	115.07	−0.4	3.48	135.12	119.41	115.55	153.61	130.37	137.20
Denmark (34)	250.33	+0.6	221.05	213.56	+0.3	1.55	248.80	219.89	213.01	260.82	236.69	175.99
Finland (26)	138.70	−0.6	122.47	113.39	−0.4	2.42	139.54	123.32	113.81	152.29	129.99	147.29
France (125)	166.16	+0.4	146.72	144.33	+0.0	2.84	165.54	146.30	144.31	168.85	141.69	113.97
West Germany (93)	133.70	+0.7	118.06	114.21	+0.5	1.94	132.72	117.30	113.61	137.71	122.05	80.92
Hong Kong (48)	122.11	−0.8	107.83	122.06	−0.8	5.10	123.12	108.81	123.12	126.90	112.24	137.50
Ireland (17)	183.10	+1.4	161.68	158.33	+1.2	2.77	180.57	159.59	156.53	198.57	172.72	141.30
Italy (96)	104.73	+0.6	92.48	94.50	+0.5	2.52	104.12	92.02	94.05	104.73	91.85	77.10
Japan (454)	153.61	+0.2	135.64	146.96	+0.1	0.68	153.36	135.54	146.77	197.26	124.40	183.54
Malaysia (35)	222.34	−0.7	196.33	231.03	−0.4	2.33	223.81	197.80	232.04	245.32	204.15	183.21
Mexico (13)	477.33	+3.0	421.49	1473.03	+2.8	0.35	463.53	409.67	1432.73	477.33	324.53	186.47
Netherland (43)	143.83	+1.3	127.00	121.24	+1.1	4.85	141.96	125.47	119.87	145.66	130.48	112.54
New Zealand (17)	62.76	−0.9	55.42	58.05	−1.0	7.57	63.32	55.96	58.66	75.36	59.57	69.68
Norway (23)	241.55	−1.0	213.29	209.67	−1.2	1.49	243.90	215.56	212.20	245.90	202.34	181.46
Singapore (25)	198.21	−0.7	175.02	169.25	−0.4	1.94	199.53	176.34	170.01	199.67	179.70	159.80
South Africa (60)	191.85	+1.4	169.41	166.09	+1.4	3.58	189.17	167.18	163.76	251.39	173.80	133.32
Spain (42)	164.40	+0.3	145.16	128.15	+0.0	4.14	163.93	144.89	128.11	165.19	132.84	147.75
Sweden (35)	199.51	−1.0	176.17	177.58	−1.0	2.27	201.54	178.12	179.39	206.95	173.89	154.94
Switzerland (66)	100.45	−0.1	88.70	87.12	+0.0	2.37	100.57	88.88	87.16	102.05	88.75	69.18
United Kingdom (305)	150.64	+0.5	133.02	133.02	+0.4	5.00	149.85	132.44	132.44	164.31	139.87	144.14
USA (537)	142.97	−0.1	126.24	142.97	−0.1	3.39	143.11	126.48	143.11	145.40	130.61	129.36
Europe (985)	144.40	+0.5	127.50	124.65	+0.3	3.60	143.69	126.99	124.23	146.66	135.57	115.21
Nordic (116)	197.32	−0.4	174.23	165.25	−0.5	1.90	198.04	175.02	166.11	201.89	185.01	151.18
Pacific Basin (660)	151.72	+0.1	133.97	144.74	+0.1	0.87	151.58	133.96	144.64	192.75	124.63	179.57
Euro−Pacific (1645)	149.15	+0.2	131.70	137.01	+0.2	1.94	148.78	131.49	136.78	174.18	130.35	153.83
North America (657)	142.40	−0.1	125.74	141.12	−0.1	3.40	142.53	125.96	141.28	145.78	131.02	129.74
Europe Ex. UK (680)	138.60	+0.5	122.39	118.99	+0.3	2.77	137.95	121.92	118.66	139.50	124.81	97.36
Pacific Ex. Japan (206)	128.43	−0.9	113.41	116.22	−0.8	5.23	129.54	114.49	117.19	139.32	122.53	131.87
World Ex. US (1838)	149.28	+0.3	131.81	136.91	+0.2	2.00	148.89	131.59	136.67	173.77	131.30	153.07
World Ex. UK (2070)	145.48	+0.1	128.46	139.44	+0.0	2.22	145.33	128.44	139.38	162.00	130.80	143.53
World Ex. So. Af. (2315)	145.64	+0.1	128.60	138.59	+0.1	2.47	145.45	128.55	138.49	161.84	131.95	143.69
World Ex. Japan (1921)	143.37	+0.1	126.60	134.78	+0.1	3.54	143.19	126.55	134.70	145.52	134.62	124.53
The World Index (2375)	145.92	+0.1	128.85	138.78	+0.1	2.47	145.72	128.78	138.66	162.05	132.25	143.56

Latest prices were unavailable for this edition.

JOBS

How top executives' pay varies in Europe

By Michael Dixon

WHICH European country's senior managers will be the first to overtake the Swiss in the real pay stakes?

Until this week, the Jobs column's money would have been on the Italians. But the latest Europe-wide pay survey by the Brussels arm of the international Wyatt consultancy has revealed a surprise contender: Spain, which has had a Socialist Government since 1982.

Some results from the survey of top executives in 1,158 assorted companies are given in the table alongside. Alas it is limited to but 12 of the 17 countries, and three of the nine sorts of directors covered by the study. So while similar figures for two more sorts – production and finance heads – will appear in the FT's Accountancy column tomorrow, anyone wanting the full findings will need to contact Wyatt's René De Maeseneer at 273 Avenue de Tervuren (Box 4), 1150 Brussels, Belgium; tel (02) 771 99 10, fax (02) 762 37 43.

Besides the basic salaries of company chief executives and directors of marketing and personnel, the table shows their total cash pay including bonuses etc, and a rough measure of their buying power. It is calculated by taking the total cash pay, deducting the particular country's standard tax and social security charges for a person of that income who is married with two children, then adjusting the result in line with Wyatt's index of international differences in prices – with the important but unavoidable exception of housing costs.

Other currencies have been converted to sterling at the London market's closing rates of May 9.

The table's left-hand three columns of figures refer to the lower-quartile executive, who would be a quarter of the way up from the foot of a ranking of all in the same category and country. Next come the median manager mid-way in the ranking, and the upper-quartile one a quarter way down from the top. The standard averages for each group are on the right. Countries are ranked by their chief executives' average buying power.

By that admittedly far from perfect measure of real pay, Switzerland's chiefs still top the heap. But Spanish marketing and personnel directors, with their much lower living costs, have already overtaken their Swiss counterparts. So, for that matter, have Spain's directors of finance, sales, production, engineering, and administration.

		LOWER QUARTILE			MEDIAN			UPPER QUARTILE			AVERAGE		
COUNTRY	JOB CATEGORY	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £	Basic salary £	All cash pay £	Buying power £
SWITZERLAND:	Chief executive	81,858	91,550	41,287	99,164	114,006	49,179	118,473	144,785	60,564	102,783	124,479	52,883
	Personnel director	55,839	62,210	30,088	64,882	71,712	33,747	76,047	86,579	39,611	71,075	79,525	36,904
	Marketing director	60,263	61,659	29,822	66,498	73,591	34,631	75,835	88,361	40,426	68,165	74,571	35,092
SPAIN:	Chief executive	54,797	59,977	40,629	66,973	77,140	48,939	89,513	101,868	61,340	74,304	83,648	52,168
	Marketing director	41,282	48,299	33,853	50,052	53,353	37,289	68,654	71,926	46,404	55,035	60,284	40,838
	Personnel director	37,355	40,087	30,173	48,353	50,522	35,854	58,289	64,292	42,862	49,414	53,115	37,123
WEST GERMANY:	Chief executive	70,078	81,474	39,182	86,817	99,691	45,660	106,005	126,573	54,108	89,372	107,469	48,402
	Marketing director	48,451	50,010	26,478	58,988	67,527	33,506	74,861	83,767	40,285	62,082	69,307	34,389
	Personnel director	48,728	50,897	26,420	54,981	60,495	30,940	65,864	70,664	35,062	58,504	62,682	31,580
ITALY:	Chief executive	57,124	65,597	36,312	71,849	81,375	44,320	91,159	112,160	59,084	75,266	87,602	47,712
	Marketing director	38,961	42,117	24,819	47,731	53,953	30,830	61,259	71,151	39,387	52,326	57,648	32,427
	Personnel director	38,917	40,223	23,703	47,014	50,530	28,875	52,217	57,979	32,613	46,785	49,797	28,455
FRANCE:	Chief executive	57,413	66,719	36,641	70,797	81,171	43,247	84,238	106,176	51,347	75,548	90,398	46,681
	Marketing director	42,055	44,056	26,000	48,694	54,699	31,385	56,497	66,218	36,366	53,484	59,424	33,609
	Personnel director	35,917	38,512	23,044	44,775	48,027	27,950	52,604	54,942	31,524	46,043	48,728	28,358
UNITED KINGDOM:	Chief executive	42,000	47,250	31,658	50,470	60,550	39,358	66,770	84,560	54,118	58,840	72,750	46,560
	Marketing director	31,660	35,950	24,806	38,980	41,760	28,397	46,800	53,830	35,528	43,620	51,510	33,997
	Personnel director	28,440	30,360	21,556	31,950	34,870	24,060	41,750	46,030	30,840	35,080	38,280	26,030
LUXEMBOURG:	Chief executive	59,141	65,259	38,170	66,713	81,104	44,378	83,190	102,138	52,033	73,304	85,697	46,082
	Marketing director	38,808	40,053	27,583	47,660	50,587	32,452	66,573	70,254	39,767	52,568	55,793	34,213
	Personnel director	36,599	39,965	27,523	39,965	48,519	31,583	55,408	65,714	38,437	44,908	51,166	32,341
AUSTRIA:	Chief executive	57,689	62,083	28,220	76,609	86,689	38,747	94,546	109,951	48,312	78,522	88,705	39,648
	Marketing director	39,752	41,561	19,836	52,417	53,916	24,916	69,785	72,784	32,532	54,226	56,811	26,253
	Personnel director	41,923	43,629	20,492	53,554	54,484	25,178	64,048	65,392	29,723	53,884	55,622	25,704
NETHERLANDS:	Chief executive	58,470	64,621	29,108	72,243	81,523	35,253	84,854	101,856	43,128	76,071	88,320	38,192
	Marketing director	40,608	43,344	21,477	47,062	49,675	23,719	56,184	60,456	27,777	49,281	51,913	24,787
	Personnel director	37,484	39,887	20,482	48,915	49,568	24,114	56,469	59,392	27,288	48,395	51,091	24,395
BELGIUM:	Chief executive	55,074	61,209	26,158	67,923	78,755	31,637	86,240	98,019	37,700	73,164	83,681	33,615
	Marketing director	39,176	43,103	20,262	51,972	56,337	24,557	63,734	69,360	28,455	53,620	57,809	24,705
	Personnel director	37,301	40,508	19,389	46,941	50,167	22,296	58,650	61,840	26,428	48,712	52,112	23,161
PORTUGAL	Chief executive	20,901	21,965	20,673	28,903	32,124	28,818	37,978	43,852	37,403	31,666	34,478	30,422
	Marketing director	18,973	19,542	18,679	22,096	24,826	23,001	26,312	28,285	25,789	22,595	24,384	22,591
	Personnel director	14,937	15,555	15,326	18,195	19,558	18,695	24,224	25,882	23,598	20,499	21,412	20,153
IRELAND:	Chief executive	42,192	45,672	24,059	47,210	50,967	26,394	58,674	67,856	33,322	51,272	56,528	28,769
	Marketing director	31,979	33,029	18,874	40,530	43,550	23,330	41,728	48,094	24,908	36,476	40,705	22,170
	Personnel director	32,368	33,914	19,380	38,362	41,113	22,025	43,707	46,509	24,501	38,552	41,147	22,043

Investment Analysts

London based

Consumer Group; Oil & Gas; Chemicals

We require two analysts, each with experience in one or more of the above sectors of the UK stockmarket, to join our rapidly expanding research team.

You will be able to demonstrate breadth of vision as well as sound analytical ability coupled to good oral and written communications skills.

Career prospects are excellent including the opportunity to manage discretionary portfolios.

We will offer an attractive package commensurate with age and experience.

Please forward CV in complete confidence to:
Andy Hartwill, Head of UK Equities, Capital House Investment Management, 6 New Bridge Street, London EC4V 6JH.

CAPITAL HOUSE

The investment management arm of the Royal Bank of Scotland Group

A member of IMRO.

HEAD OF FAR EAST EQUITIES

DIRECTOR LEVEL

City — c£100,000 + Substantial Bonus

Our client is one of the world's largest financial institutions with an impressive global presence. In order to expand its European coverage of Far East markets it is seeking to appoint a key individual to set up and be fully accountable for its Far East Equities operation in London.

Reporting to the Head of the Japan and Far East Division, the primary role will encompass the sale of equities and their derivatives to the UK and European institutional investors. The emphasis will be on Hong Kong, Singapore, Malaysia and Thailand. The successful candidate will also be responsible for recruiting the expertise required to build the department.

The ideal candidate will probably come from a sales, research or fund management environment, must be able to demonstrate a detailed knowledge of the Far East markets and economies and will also be expected to have senior level contacts within UK and European institutions.

Excellent interpersonal skills and the ability to communicate effectively at the highest levels will be essential. This is an outstanding opportunity for a master strategist with the vision, drive and determination to forge an exciting career in a challenging environment.

Salary parameters will be flexible to attract the highest calibre candidates.

Interested applicants should telephone Jonathan Cohen on 071-437 0464, fax details on 071-437 0597 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

BANKING LAW

NEW ZEALAND

LEADING PRACTICE

With 42 partners and over 200 staff, our client is one of the largest and most prominent law firms in New Zealand. Developed from partnerships originating in the 1840's, it boasts a thriving and modern practice equally divided between its principal offices in Auckland and Wellington. A vacancy exists in the former for a senior banking lawyer.

SHORT-TERM PARTNERSHIP

The banking group acts for leading financial institutions both at home and overseas – commitment and a reputation for exemplary service having produced a growing client-list, which the new appointment will help to strengthen. Candidates will need to be capable of attaining partnership within a short period. They must have had several years' broad experience of banking law, perhaps including corporate funding, project financing, syndicated loans, bond issues, commercial leasing and aspects of loans administration.

This is a rare opportunity for a lawyer wishing to re-locate (with expenses paid) to a completely fresh and invigorating environment, one where the quality of personal and family life is seldom surpassed. Equally, the appointee will enjoy excellent work and be well rewarded financially.

For further information please contact Philip Boynton, LL.B., LL.M., on 071-405 6852 or write to him at Reuter Simkin Ltd., Recruitment Consultants, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

REUTER SIMKIN

Jonathan Wren Executive

A prestigious financial institution is seeking two proven professionals to manage and develop its ATM service and bullion operations. The ideal graduate candidates will probably be performing similar roles today either in a major bank or building society.

MANAGER ATM SERVICE & BULLION OPERATIONS

c£30,000 + benefits + relocation expenses.

Based in Swindon you will lead and manage the business and technical operations development of a department of 24 integrating these developments into operational sections which control:-

* Quality/cost effectiveness of ATM network service availability levels.
* Quality/cost effectiveness of bullion management for both ATM and Branch Network.
* Business development of ATM services - remote site developments/projects to upgrade performance.
* Ongoing development of PC solutions to current/future administration opportunities/problems.

MANAGER ATM INSTALLATIONS

c£26,000 + benefits + relocation expenses.

Based in Swindon you will manage the planning/scheduling and implementation of the institutions ATM development plans, i.e. the installation of 350 ATM's over the period 1990-1993. The position involves liaison with: internal departments, branches operations, telecommunications, terminal support, ATM services, external organisations/manufacturers etc. You must be able to work to time limits, resolve disputes, solve logistical problems to optimise major opportunities.

For further information please contact Ron Bradley on 071-623 1266

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

International Advertising

TREASURY MANAGER

London

to £25,000

Controlling a substantial network of advertising agencies in the UK and internationally, our client is the core division of a major household name group.

Travelling for up to 30% of the time, the Treasury Manager will provide treasury expertise to the division and its operating companies. Reporting to the Financial Director, he or she will develop cash forecasting procedures, review and advise on cash management, assess foreign exchange exposures and develop bank relationships. Liaising with the group's central treasury function, the Treasury Manager will have considerable exposure to senior management in this demanding environment which will provide excellent promotion prospects.

In their mid 20s, applicants should be numerate graduates with treasury and accounting experience.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/919/F.

Treasury Management

in one of the world's leading satellite communications organisations · London · Excellent salary + benefits

Inmarsat, an international enterprise with 59 member countries, operates a global system of satellites providing telephone, telex, data and facsimile services to ships at sea. We have over 10,000 users worldwide and are now expanding to provide services for aeronautical and land mobile applications.

With the launch of our 2nd-generation satellites in October this year and a follow-on series planned for the mid-1990s, our business is developing rapidly.

As head of our Treasury Department, you will be responsible for the treasury management of revenues (US$163 million), capital expenditure and operating expenditure.

Your 10+ years' experience must have included effective treasury management including cash forecasting, the management of foreign exchange matters and banking relationships, within a multinational corporation or major banking institution. **Ref: 4233/MS.**

Salaries will reflect experience and qualifications, and a first-class benefits package includes health insurance, an excellent pension scheme, five weeks' annual leave, and a subsidised restaurant.

To apply, please fax or mail your career details, quoting the appropriate reference to Mike Stockford, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Facsimile: 071-823 1804.

Inmarsat

OTHER FINANCE OPPORTUNITIES

Inmarsat's expansion programme also creates openings for:

BUDGET ANALYST

with 5+ years' commercial experience, preferably in the area of budgetary preparation, analysis and reporting, and computer literacy. **Ref: 4234/MS.**

ASSISTANT REVENUE ACCOUNTANT

with relevant experience in a commercial environment and an analytical approach to problem solving. **Ref: 4236/MS.**

Venture Capital opportunities

BIRMINGHAM

County NatWest Ventures is a leading provider of Venture Capital in the UK with offices in London, Birmingham, Edinburgh, Leeds and Manchester. We undertake all forms of unquoted equity and mezzanine investment, from multi-million pound management buy-outs and buy-ins, to development capital for a variety of growing businesses. In Birmingham, the Ventures team works alongside colleagues providing Corporate Finance and Finance services; together they provide professional and comprehensive expertise to a wide range of corporate clients in the Midlands. Opportunities exist at two levels:

Assistant Director

Holding a degree and professional qualification, candidates will already be working in the venture capital industry and have two to three years' experience of winning and completing deals; team management responsibilities and skills are also required.

Executive

Candidates should have similar academic and professional background with a demonstrable interest in venture capital; experience within the industry is highly desirable.

If you are interested in pursuing a career in Venture Capital with us, particularly in Birmingham, although there are limited opportunities in our offices in Manchester and London, please forward a comprehensive CV to: Ian Carlton, Director, Personnel, County NatWest Limited, 135 Bishopsgate, London E2M 3UR.

COUNTY NATWEST
VENTURES
A Member of IMRO
The NatWest Investment Bank Group

A UNIQUE OPPORTUNITY TO LEAD IN COMMERCIAL LENDING

HIGH-LEVEL REMUNERATION PACKAGE

The Halifax is the largest provider of property related finance in the UK and, as you would expect from an organisation of our size and ability, our highly developed commercial mortgage operation is second to none.

With the continued growth of this business and recent internal reorganisation geared to meeting increasing customer needs, we have a unique opportunity for an experienced Commercial Banker to head our Commercial Lending Division. As a member of the Building Society Executive reporting to the General Manager – Marketing, you will make a personal contribution to our general thinking and development.

With specific responsibility for business activity centred on the traditional commercial lending market, housing associations and the provision of building development finance, you will operate both strategically and tactically. Essentially, you will formulate overall strategy for Board approval; manage all appraisal, monitoring and control procedures; and will also be responsible for the overall co-ordination of a comprehensive regional support structure.

A qualified Banker, most likely in your early 40's, with a proven track record at senior level, you will preferably have a specialist background in property-related finance. Given the dimensions of the brief, the highest levels of performance and interpersonal skills will be expected.

An impressive remuneration package will reflect the status of this appointment.

Please forward your full CV, including current salary, to Group Personnel and Services Director, Halifax Building Society, Trinity Road, Halifax, West Yorkshire HX1 2RG.

Halifax is fully committed to equal opportunities for all.

HALIFAX

THE BANK OF NEW YORK

Corporate Banking Relationship Officer

The Bank of New York, with a history of excellence that spans over 200 years, is looking for a marketing officer with a minimum of three years experience. The individual will be credit trained and have experience in marketing a range of credit and non-credit services to multinational corporations. A highly motivated salesperson with the ability to develop new contacts and cultivate existing relationships will find the position challenging and rewarding.

The position will be based in London and will require regular travel, principally within the U.K.

A highly competitive compensation and benefits package is offered. Please forward detailed curriculum vitae to:

Maria Gigli
Personnel Officer
The Bank of New York
46 Berkeley Street
London W1X 6AA

THE BANK OF NEW YORK

SALES EXECUTIVE

required to manage a London Branch of an established Scandinavian based major credit card manufacturer.
Experience preferred but not essential.
Interested applicants should reply together with their c.v. to
Box A814, Financial Times, One Southwark Bridge, London SE1 9HL

SPOT F/X DEALER

A Leading Force in European Banking

Our Client is a substantial European Bank and a major participant in the global trading markets.

Its London trading operations continue to expand and current requirements call for the recruitment of an accomplished foreign exchange dealer to complement its professional team. Preferably in your early/mid 20's, you should possess a minimum of 2 years' active experience trading a major currency - exposure to cross currencies would be a distinct advantage.

This represents a truly outstanding opportunity to develop a long-term career with one of the world's soundest banking institutions, and the salary and benefits will reflect fully your capabilities and potential.

Contact Norman Philpot in confidence on 071 248 3812

NPA Management Services Ltd

Management Consultants · Global Search

CHIEF DEALER

Set up swaps desk to c£120k - benefits

Japanese securities house entering a further period of growth seeks a "guru" to establish swaps desk and set up new team. This demands a senior swaps trader with minimum 2 years good market experience, now seeking further responsibility. MBA desirable.

BOND SALES

Age 29+ to £60,000 + generous guaranteed bonuses + banking package

Expanding securities subsidiary of old established European Bank look to recruit an experienced, ambitious salesperson with broad knowledge of fixed income markets and good institutional client base. This offers opportunity to join an environment without restrictions, neither on geographical sales areas or on total remuneration package. There will also be *the benefit of substantial research material provided by head office.*

For further information concerning the above vacancies please telephone SANDRA CLARK on 377-5040.

LJC BANKING APPOINTMENTS
Devonshire House,
146 Bishopgate, EC2M 4JX

BARINGS

International Finance Group

An opportunity has arisen for a graduate with two to three years' experience to join Barings' International Finance Group as a member of the London based team responsible for capital markets and corporate finance activities in France and Italy.

The successful candidate will initially be required to assist with analytical work and with the preparation of proposals for clients in these countries; at a later stage, it is expected he or she will take increasing responsibility for marketing, involving frequent travel to visit clients abroad.

In particular, candidates will need to demonstrate the following:

– A fluent command of both French and Italian.

– A successful career to date including at least two years' experience with a bank, stockbroker or other financial institution.

The salary will be negotiable according to experience but will include mortgage subsidy, non-contributory pension and BUPA membership. Interested candidates should write in confidence, enclosing a CV to:

Francis Coles,
Baring Brothers & Co., Limited,
8 Bishopsgate, London EC2N 4AE.

Jonathan Wren Leasing

MIDDLE TICKET MARKETING

The UK leasing subsidiary of an international bank is seeking an additional Marketing Executive. The successful candidate, aged 28 to 35 years, should demonstrate extensive experience of sourcing, structuring and closing non-standard leasing transactions within the £1 million to £10 million range.

Sound negotiating skills coupled with proven technical ability will enable the appointee to take full advantage of this excellent opportunity to develop and progress within a rapidly expanding company. ***Basic salary in the region of £40,000 plus bonus plus full banking benefits.***

Please contact Keith Snow or Peter Haynes
All applications will be treated in strict confidence

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

KING'S COLLEGE LONDON

The Management Centre
LECTURERS IN MANAGEMENT STUDIES

Salary scale: Lecturer 'A' up to £17,139 (inclusive), lecturer 'B' up to £22,236 according to age, experience & qualifications

Specialisms: Management and Organisation Development OR Management Science Accounting OR Economics

Two enthusiastic and innovative teachers/researchers will be appointed to our expanding Management Centre from 1 October 1990. One will specialise in Management and Organisation Development OR Management Science (although their experience may be in other management areas); the other in Accounting OR Economics. *They will reach on our BSc,* Masters and Postgraduate Management degree, and undertake research or consultancy. They may be qualified academics of people with a degree currently working in business or consultancy.

Applications and further *particulars are available from:* Mr J Algi, Head of the Management Centre, King's College London, Strand, London WC2R 2LS.
Telephone: 836 5454 extension 2261
Closing date for receipt of applications 31st May 1990.

A Major European Investment Bank

Corporate Finance

Managers / Executives

The continued success of the corporate finance department of our client, a leading European Investment bank, has resulted in a major period of expansion. As part of this planned growth, we have been retained to advise them on the recruitment of a number of managers and executives. The department is involved in the full range of corporate financial activity including: mergers & acquisitions, flotations and listings, rights issues and debt raising, MBOs/LBOs and divestments both in the domestic and international markets.

Managers will have already gained between two and four *years' directly relevant experience. Such experience should* include responsibility for structuring and running deals and will have been gained within another leading institution. Executives will be either *qualified ACAs or Lawyers. All candidates should be capable* of demonstrating a track record of success to date.

In return rewards are excellent, prospects clearly defined and bonuses high.

Applicants' names will not be released to our client without prior permission.

For further information regarding these positions, call Penny Bramah on 071-831 2000. Alternatively, write to *her at Michael Page City, Page House,*
39-41 Parker Street,
London WC2B 5LH,
enclosing a full curriculum vitae.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

SALESMEN

AN OPPORTUNITY TO SWITCH TO EUROPE

Our client, a major international brokerage house is seeking a number of salespeople to join their well established and experienced sales team in Paris. The position would involve broking their highly rated French equity research to English speaking international clients.

Experience of the French market is not a prerequisite and our client will consider candidates with a good record in other markets who wish to move to Paris. A reasonable knowledge of French is however required, as it is the working language of the office.

A good basic salary with a strong performance related bonus along with relocation expenses will be offered to the right candidate.

For an initial talk in confidence, please contact William Dickins. 20 Cousin Lane, London, EC4R 3TE. Tel: 071-236 7307. Fax: 071-489 1130.

STEPHENS ASSOCIATES
SEARCH & SELECTION SPECIALISTS IN SECURITIES & INVESTMENTS

STILL ENJOYING THE CITY?

Small but fast growing Fund Management Group require and experienced Private Client Fund Manager to cope with expansion. Over 300 miles from London yet in close touch with all financial *markets. Replies in confidence to:*

Mrs Anne Griffiths,
Border
Financial Services,
1 Rosehill Business
Park, Carlisle,
Cumbria CA1 2ST

Europcar
INTERNATIONAL

Risk Manager H/F

Nous sommes une entreprise de service, leader européen dans le domaine de la location de voitures courte durée. Nos chiffres parlent d'eux-mêmes : 4 milliards de CA, 4 500 personnes, 55 000 véhicules.

En liaison directe avec les autres intervenants, après analyse des besoins et choix des orientations, vous participez activement à la mise en place des programmes d'assurances flottes. Vous assurez le contrôle des décisions prises au niveau des placements effectués ainsi que leur gestion. Vous en analysez les résultats et vous négociez les contrats annuels d'assurance.

A 28/30 ans, diplômé de l'enseignement supérieur (Bac + 4, Ecoles de gestion), vous possédez une première expérience d'au moins trois ans dans le domaine de l'assurance et si possible dans la gestion de grands comptes. La maitrise parfaite de l'anglais est indispensable. La pratique d'une troisième langue sera un plus.

Un diplôme d'actuaire optimisera votre candidature et la connaissance de l'outil informatique sera appréciée.

En nous rejoignant, vous évoluerez avec une grande autonomie dans une entreprise offrant de multiples perspectives de carrière dans le domaine international.

Merci d'adresser votre dossier de candidature sous la réf. T 157 V/FT,
à Sabine Tripodi, OC Conseil,
15 rue du Louvre, 75001 Paris.
France.

OC CONSEIL
Ressources humaines
PARIS LONDRES

NATIONAL AIDS TRUST

FUND-RAISING DIRECTOR

THE NATIONAL AIDS TRUST is seeking a talented professional to be their Director of Fund-Raising. This senior post carries responsibility for establishing and managing a team of experienced fund-raisers in the fields of events, corporate fund-raising, trusts and merchandising.

The successful candidate will thrive on challenge. They will have management experience at a senior level, will have demonstrated the ability to plan strategically and to develop and promote ideas effectively. They will have a minimum of five years experience in either fund-raising or sales/marketing.

Salary, commensurate with experience, within the range of £25-30k.

Further information/application forms from Helen Hughes, NAT, Room 1432 Euston Tower, 286 Euston Road, London NW1 3DN. Tel (071) 388 1188 ext 3940 or 388 5373.

Closing date: Friday May 25th 1990
NAT seeks to be an equal opportunities employer.

UNIT TRUST SALES

Save & Prosper is seeking to expand its specialist unit trust sales team based at its Head Office in London, selling to Stockbrokers and other private client Investment Managers.

The successful candidates will have previous experience in stockbroking or unit trust sales to Investment Managers.

Please write with full c.v. to: Paul Stone, Personnel Department, Save & Prosper Group Ltd, 1 Finsbury Avenue, London EC2M 2DY.

SAVE & PROSPER
THE INVESTMENT HOUSE

DIRECTOR – FINANCIAL PLANNING

ABOVE £30,000 + CAR DERBYSHIRE

This is a new and challenging appointment with our client, Derbyshire College of Higher Education, who are seeking to enhance their commercial orientation towards an independent conduct of their financial affairs and operations.

Reporting to the Director of the College your duties will be varied and wide ranging including: financial management, budgetary control, taxation and insurance. However, of paramount importance will be your ability to provide sound financial management advice to enable the achievement of the College's strategy for dynamic growth.

A professional accountancy qualification coupled with entrepreneurial flair and innovative application of your commercial expertise are pre-requisites for this position.

Usual benefits including a pension scheme and relocation assistance, where appropriate, will be provided.

Write with full C.V. to:

Richard May, Director, SCA Recruitment Limited, 9 & 10 Havelock Street, Ilkeston, Derbyshire DE7 5RJ. Telephone: (0602) 440807.

SCA recruitment

TREASURY MANAGER

LONDON OFFICE OF QUOTED US CORPORATION

c.£28,000 + CAR

RESPONSIBILITIES:

FX EXPOSURE MANAGEMENT
CASH MANAGEMENT
BANKING RELATIONSHIPS
TRADE FINANCE
BANK BALANCE REPORTING

EXPERIENCE/EDUCATION

MINIMUM 2 YEARS GENERAL TREASURY EXPERIENCE
ACCOUNTING EXPERIENCE AN ADVANTAGE
DEGREE OR SIMILAR
A.C.T. (STUDENT/FINALIST)
COMPUTER LITERATE

PLEASE FORWARD CURRICULUM VITAE IN CONFIDENCE TO:
MISS J. REYNOLDS, 156 THE CIRCLE,
QUEEN ELIZABETH STREET, LONDON SE1.

MANAGEMENT CONSULTANTS - SEMINAR SPEAKERS

This leading international business training organization is seeking manufacturing and management consultants to prepare and present two to five day courses on specific topics in the following areas:

- STRATEGIC MANAGEMENT
- MARKETING AND SALES
- LEGAL AND REGULATORY ISSUES
- INFORMATION TECHNOLOGY

Candidates should have an in-depth knowledge of their field and relevant seminar/conference speaking experience.

Please reply in strict confidence to Box A823, Financial Times, One Southwark Bridge, London SE1 9HL

Appointments Advertising

appears every **Wednesday and Thursday, Friday** (International Edition only)

For further information please call:
071-873 3000

Jennifer Hudson
ext 3607

Richard Huggins
ext 3460

Stewart Maddock
ext 3392

INTERNATIONAL APPOINTMENTS

APPOINTMENTS WANTED

FUTURES AND OPTIONS

Small, highly successful futures and options trading team with proven track record seeks new challenge with a dynamic small/medium sized financial institution. Currently working for an international investment house we can offer

: an international private and commercial client base
: several years experience in financial and precious metals futures and options trading
: a strong academic background
: fluency in German.

We would be interested to hear from an organisation seeking to establish or expand an existing operation in this field.

Please reply to Box A819, Financial Times, One Southwark Bridge, London SE1 9HL

APPOINTMENTS WANTED

SALES & MARKETING - DIRECTOR FOR EUROPE

German 41, U.K. res., Swiss commercial/ad-agency-background, German/English/French, 20 years management/business - knowhow in consumer goods/service industries, seeks new challenge with dynamic, international company which rewards achievements/results accordingly. Flexible, mobile, result driven and available from 1.7.90.

Please contact Mr D Wyck
- U.K. 0923 36312

EASTERN EUROPE 1990 SINGLE MARKET 1992

West German graduate, 28, recently settled down in London, M.A. (hons), bilingual, single, sound business background, M.D. of a West German Ltd, working experience overseas seeks to meet the challenge with city merchant bank/securities firm and wishes to become successful, in a meritocratic environment. Strong entrepreneurial spirit and highly motivated.

Write in confidence to: Box A817, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

Equity Sales Executive

Paris **Excellent salary**

Our client is a highly respected French broker well-established in the international arena. To strengthen the sales team dealing with British and United States institutions, they are currently seeking a talented Equity Sales Executive.

As the Manager of a sales team based in France and England, you will need a good knowledge of the Equity market and the ability to establish and maintain good working relations with major British Equity Fund Managers.

The level of experience and maturity of judgement required suggest that you will, probably, be in your early 30s with an impressive record of equity sales success in a financial institution. Fluency in French isn't essential, but you should possess a good understanding of the language.

An attractive salary is offered together with a package of benefits that includes performance related profit share. For further information, please call Bertrand Stark, in Paris, on 010 331.42.89.30.03. Alternatively, write, enclosing your c.v., to

Michael Page International,
10 rue Jean Goujon – 75008 – Paris.
Please quote ref. BS5678 FT.

Michael Page International
International Recruitment Consultants
London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

MANAGING DIRECTOR
for a
European Electronic Payment Services Network

A company recently established by a group of leading European financial institutions to meet the challenges of the forthcoming Europe-wide financial market seeks a Managing Director to head up a small team based in Brussels.

The objective of the company is the management of a Europe-wide electronic payment services network, initially based on Automated Teller Machines (ATM) services between its member organisations throughout Europe.

The prime responsibilities of the Managing Director are to conduct the business of the company and to manage the coordination and the development of the technology-based payment services.

The successful candidate will report to an international Board of Directors.

Main Tasks:

* To ensure the effective operation of the payment services network and exploit the network infrastructure to provide additional value added services.
* To market the company's services within the customer base and to prospective users.

Qualifications:

* University degree or good professional qualification.
* Experience in the financial industry, preferably in electronic payment and plastic card services.
* Proven ability to lead staff and entrepreneurial skills.
* Ability to operate in a multidisciplinary and multicultural environment and to communicate at senior levels internationally.
* Mastery of English as the working language of the company is essential. Preference will be given to candidates who are proficient in other European languages, in particular French or German.

Candidates should send their application with comprehensive career and personal details to Box A821, Financial Times, One Southwark Bridge, London SE1 9HL by 31 May 1990 at the latest.

JUNIOR PRECIOUS METALS TRADER for FRANKFURT

We are seeking a young person interested in working for a German Company. We are looking for somebody with good mathematical talent, precise, reliable, with common-sinse and a basic knowledge of German and some practical background in Metals Trading and accounting.

Please write in confidence to Box A818, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

AKQUISITION IST IHR ERFOLG

Als Bankengruppe gehören wir zu den größten und erfolgreichsten Geschäftsbanken der Welt. In Deutschland nehmen wir als Auslandsbank eine führende Stellung ein. Wir haben neue Führungs- und Organisationsprinzipien entwickelt, die uns trotz unserer Größe eine kunden- und marktnahe Geschäftspolitik sowie schnelle Entscheidungen auf den regionalen Märkten ermöglichen.

Transaction Manager
- Mergers & Acquisitions -

Verhandlungsstärke, Abschlußsicherheit, Marktkenntnisse sind unsere wichtigste Forderung an Sie. Wir suchen in Ihnen eine Person, die im internationalen Geschäft unternehmerisch denkt, handelt, arbeitet. Ihre fachliche Qualifikation: Eine sehr gute betriebs- oder volkswirtschaftliche Ausbildung und möglichst umfangreiche strategische Erfahrungen aus einem ähnlich gelagerten Bereich. Ihre Arbeitsbedingungen bei uns lassen Ihnen Freiraum. Wenn Sie verstehen, ihn zu nutzen, finden Sie exzellente finanzielle und persönliche Entwicklungsmöglichkeiten.

Sind Sie interessiert? Dann senden Sie bitte Ihre kompletten Bewerbungsunterlagen unter Chiffre 113 an die von uns beauftragte Gesellschaft. Bei Fragen steht Ihnen Heike Nioduschewski unter Tel. 06172/29086 gern zur Verfügung.

PERPOS · Gesellschaft für Positionsmarketing mbH
6380 Bad Homburg · Kaiser-Friedrich-Promenade 87
Telefon (06172) 29085

PER POS

SWITZERLAND
THE BANK FOR INTERNATIONAL SETTLEMENTS

an international institution located in Basle
with approximately 380 members of staff from 20 countries

has a vacancy for an

EDITOR
in its Press Service
(age range 28-35)

mainly to assist in preparing documents for internal information.

Candidates must have English as their mother tongue and be very proficient in German, French and, if possible, Italian; have a thorough grounding in economics with emphasis on central-bank policy and practice and international monetary affairs; be able to translate challenging texts on economics and related subjects from the above-mentioned foreign languages into English. They should be used to working speedily and under pressure, be flexible and adaptable and enjoy working in a team.

The Bank offers very attractive conditions of employment in an international atmosphere, excellent welfare benefits and the facilities of its own sports centre.

Candidates should send their application, together with a recent photograph and references to the Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting Reference No. 90054.

The European headquarters in Brussels of an American multinational is seeking a

European Treasury Operations Manager

with a minimum of four years experience in multicurrency treasury management.

The candidate should be between 30 and 36 years old, preferably with a university education. Fluent knowledge of English necessary.

Please send your detailed c.v. to:
Topjob, 200 avenue Franklin Roosevelt,
1050 Brussels, Belgium.

TOPJOB
Recruitment Consultants

ACCOUNTANCY COLUMN

UK managers may slip in 1992 pecking order

HOW DO financial managers' pay prospects compare with those of people in other specialist functions of management such as marketing? writes Michael Dixon. Not as favourably as they used to, says the Wyatt consultancy group's latest survey of the rewards of top executives throughout Europe.

The study, made early this year, covered chief executives and nine other types of senior managers in 1,158 varied companies in 17 countries.

Results for finance and production directors as well as company chiefs in the best-paid dozen countries are shown in the accompanying table, and corresponding findings for personnel and marketing directors appeared in the FT Jobs Column yesterday.

For each type of executive listed, the table gives basic salaries, total cash pay including bonuses and the like, and an approximate measure of the total pay's buying power in the country in question.

Buying power is calculated by deducting the standard tax and social security charges for a married person with two children, then adjusting the net figure according to Wyatt's index of international price differences. Unfortunately, for technical reasons, the index cannot take account of of housing costs.

The first three columns of figures refer to the lower-quartile executive who would be placed a quarter of the way up from the bottom of a ranking of all in the same job category and country.

Then come the median managers, halfway in the ranking, and the upper-quartile executive a quarter way down from the top. The standard averages for each group appear on the right.

The full survey shows that in Britain finance directors no longer come second to chief executives in the pay league. The best-paid specialist managers in the UK are now marketing directors. The survey shows they have an average all-cash pay of £51,510 and buying power of £38,997.

Nevertheless, finance heads in the UK enjoy a greater differential over production directors than do the heads of finance in any of the other countries surveyed.

Indeed, in Spain, West Germany, Italy, and France, production heads are better paid on average than finance directors, as are engineering heads in Austria (where no figures are available for production management).

So it may be that, come 1992, Britain's financial managers will find themselves slipping still further down the executive pecking order.

Top Management Remuneration. Wyatt, 273 Avenue de Tervuren (Box 4), Brussels 1150, Belgium. £460.

COUNTRY	JOB CATEGORY	LOWER QUARTILE Basic salary £	LOWER QUARTILE All cash pay £	LOWER QUARTILE Buying power £	MEDIAN Basic salary £	MEDIAN All cash pay £	MEDIAN Buying power £	UPPER QUARTILE Basic salary £	UPPER QUARTILE All cash pay £	UPPER QUARTILE Buying power £	AVERAGE Basic salary £	AVERAGE All cash pay £	AVERAGE Buying power £
SWITZERLAND:	Chief executive	81,858	91,550	41,287	99,164	114,006	49,179	118,473	144,785	60,564	102,783	124,479	52,883
	Finance director	61,451	63,712	30,815	75,211	83,181	38,057	83,317	95,915	43,258	74,380	83,474	38,191
	Production dirctr	57,141	69,326	29,061	66,418	69,586	33,201	73,578	83,372	38,144	65,794	70,761	33,762
SPAIN:	Chief executive	54,797	59,977	40,629	68,973	77,140	48,939	89,513	101,868	61,340	74,304	83,648	52,168
	Production dirctr	42,651	44,118	32,733	52,923	57,796	39,773	62,088	68,979	45,244	53,509	58,179	40,037
	Finance director	40,870	43,092	31,971	49,426	51,189	36,328	61,549	69,577	45,636	52,454	57,303	39,434
WEST GERMANY:	Chief executive	70,078	81,474	39,182	86,617	99,691	45,660	106,005	128,673	54,108	89,372	107,469	48,402
	Production dirctr	46,974	53,070	27,548	59,054	62,599	31,538	71,392	79,978	38,463	61,023	68,506	33,991
	Finance director	49,310	51,858	26,919	56,127	58,260	29,797	63,851	70,096	34,781	58,104	63,181	31,832
ITALY:	Chief executive	57,124	65,597	36,312	71,849	81,375	44,320	91,159	112,160	59,084	75,266	87,602	47,712
	Production dirctr	44,590	48,918	27,953	52,900	55,150	31,022	67,303	69,222	38,319	56,674	59,122	33,256
	Finance director	41,138	44,076	25,580	53,894	55,793	31,384	64,573	69,855	38,670	53,558	57,836	32,533
FRANCE:	Chief executive	57,413	66,719	36,641	70,797	81,171	43,247	84,238	106,176	51,347	75,548	90,398	46,681
	Production dirctr	39,714	43,081	25,425	46,334	48,904	28,460	53,827	60,906	33,948	47,944	53,519	30,708
	Finance director	39,117	40,773	24,397	47,683	51,752	29,694	53,996	60,438	33,687	47,692	51,652	29,637
UNITED KINGDOM:	Chief executive	42,000	47,250	31,658	50,470	60,550	39,358	66,770	84,560	54,118	58,840	72,750	46,560
	Finance director	31,440	34,140	23,557	38,350	41,890	28,485	46,260	52,690	34,775	41,290	45,250	30,318
	Production dirctr	29,020	31,700	22,190	33,870	36,230	24,999	40,050	44,160	29,587	34,760	38,170	25,956
LUXEMBOURG:	Chief executive	59,141	65,259	38,170	66,713	81,104	44,378	83,190	102,138	52,033	73,304	85,697	46,082
	Finance director	36,510	41,823	28,406	44,698	50,605	32,463	57,967	62,419	37,098	48,396	52,463	33,160
	Production dirctr	35,390	38,931	27,178	43,365	47,923	31,195	56,635	60,631	36,035	45,381	50,026	32,092
AUSTRIA:	Chief executive	57,689	62,063	28,220	76,609	86,689	38,747	94,546	109,951	48,312	78,522	88,705	39,848
	Engineering dirctr	46,472	49,470	23,236	57,069	62,342	28,337	69,062	69,062	31,392	56,759	61,463	27,938
	Finance director	44,404	45,263	21,269	53,089	54,174	25,035	63,996	66,529	30,240	54,123	56,707	26,206
NETHERLANDS:	Chief executive	58,470	64,621	29,108	72,243	81,523	35,253	84,854	101,856	43,128	76,071	88,320	38,192
	Finance director	39,250	42,525	21,454	46,179	47,903	23,304	52,472	55,683	26,086	48,168	51,127	24,412
	Production dirctr	35,237	37,384	19,584	42,959	45,361	22,476	52,530	56,084	26,274	46,681	49,361	24,014
BELGIUM:	Chief executive	55,074	61,209	26,158	67,923	78,755	31,637	86,240	98,019	37,700	73,164	83,681	33,615
	Finance director	36,231	38,510	18,432	44,084	46,503	21,463	56,564	61,350	26,218	46,889	50,675	22,522
	Production dirctr	35,110	37,441	18,240	44,908	46,941	21,264	57,020	64,330	26,941	47,572	50,640	22,507
PORTUGAL	Chief executive	20,901	21,965	20,673	28,903	32,124	28,818	37,978	43,852	37,408	31,666	34,478	30,422
	Finance director	17,667	18,635	17,717	21,433	22,796	21,120	25,968	27,736	25,289	22,472	23,848	22,094
	Production dirctr	15,076	15,657	15,427	19,104	19,754	18,863	25,227	25,506	23,630	21,113	21,891	20,603
REP OF IRELAND:	Chief executive	42,192	45,672	24,059	47,210	50,967	26,394	58,674	67,856	33,322	51,272	56,528	28,769
	Finance director	30,819	32,344	18,482	36,674	39,117	21,305	41,804	46,827	24,668	36,596	39,561	21,546
	Production dirctr	27,668	28,145	16,837	34,882	36,265	20,075	44,006	47,161	24,844	36,532	38,057	21,067

ACCOUNTANCY APPOINTMENTS

LADBROKE GROUP PLC

Head of Group Internal Audit

Attractive Salary + Substantial Benefits

Ladbroke Group PLC needs little introduction — our sustained expansion programme has created a major international Group whose businesses employ over 77,000 people worldwide. Established as one of the top 40 UK companies, and as one of the top 100 in Europe, the Ladbroke Group is an undisputed leader in the fields of hotels, property, international racing and DIY retailing.

This position is of vital importance in the effective development and management of Group auditing procedures, and the successful applicant will be responsible for implementing agreed policies to fulfil objectives approved by the Group Financial Director and the Controller, Finance & Audit.

The role also encompasses liaison with external auditors to maximise Group benefit; involvement in non-routine projects and investigations; Departmental recruitment, training and supervision and building on the existing structure to increase Group awareness of the importance of maintaining and improving efficient financial control systems.

The ideal candidate will have substantial multi-site auditing experience, excellent interpersonal skills, and a diplomatic but down-to-earth manner. It is unlikely that anyone with less than six years' post-qualification experience will have the necessary qualities for the role.

Salary is negotiable to an attractive level, but should not present a problem to the right candidate. Benefits are of the standard expected from a major employer, and include an attractive Share Option Scheme plus excellent career prospects within the Group.

Please send CV and handwritten letter of application to: Mr. R. J. Goulding, Personnel Controller, Ladbroke Group PLC, Chancel House, Neasden Lane, London NW10 2XE.

Director - Financial Systems

Financial Services

c. £50,000 South East

Excellent career opportunity for ambitious accountant with consultancy and systems experience, strong interpersonal skills and top management potential.

THE COMPANY

◇ Important insurance broking subsidiary of £3bn turnover, international services group.

◇ Leading, UK business, with strong position in the international tables.

◇ New management team, restructured operations, substantial profit growth potential.

THE POSITION

◇ High profile role managing and implementing major restructuring strategy worldwide.

◇ Reporting to Finance Director, wide ranging brief including upgrade of worldwide accounting systems.

◇ Exposure to every aspect of the business, liaising with multi-disciplined internal management at senior level and external advisers.

QUALIFICATIONS

◇ Resourceful graduate accountant with excellent business and communication skills aged 28-38, preferably from the financial services sector.

◇ At least two years with a recognised consultancy including exposure to systems implementation.

◇ Confident, self starting problem solver with drive and initiative.

Please write, enclosing full cv, Ref 1SJ0840

Orion House, Grays Place, Slough, SL2 5AF

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CAN YOU HELP US MOVE INTO A COMMERCIAL ENVIRONMENT WITH GREATER MANAGEMENT AUTONOMY?

HERE IS AN OPPORTUNITY FOR A DYNAMIC FINANCIAL CONTROLLER WHO WOULD DEVELOP OUR SYSTEMS

The Patent Office which is moving to Newport in 1991 is responsible in the UK for the granting of patents, the registration of trade and service marks, and the registration of designs. Its annual turnover exceeds £40m. In March it became an Executive Agency of the DTI and it is planned to seek trading fund status for the Office in 1991. The additional management flexibility this would provide is critically dependent on the development and enhancement of suitable budgetary and financial control systems.

The fundamental requirements for this new post of Financial Controller are the professional expertise and personal drive to complete the introduction of full commercial accounting and suitable management information systems. In addition some experience of the Government vote-based accounting system would be useful.

You must therefore be a qualified accountant with commercial experience, good communication skills especially with senior managers, and accustomed to working to tight deadlines. The job includes:

Financial Management

You will make a key input to corporate decisions on pricing, funding, investment, targets and performance, cash flow etc. You will be instrumental in the management of change within the Patent Office as it embraces the commercial disciplines to carry it forward to the next century. Directing and managing the Finance Section will be a key responsibility.

Management Accounting

Development of a framework of control with devolved budgets and provision of suitable management information.

Financial Accounting

Completion of the necessary systems to produce full commercial accounts for publication.

The post can be based either in London or Newport (until mid 1991, when it will be relocated to Newport).

The starting salary available for this post is between £23,035-£30,000 (if based in Newport) or £25,825-£33,025 (if based in London) depending on your qualifications or experience though exceptionally it can be extended up to £35,435 (if based in Newport) or £38,565 (if in London). The post also attracts non-contributory pension. The appointment will be initially for 5 years.

For further details and an application form (to be returned by 1 June 1990) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). Please quote ref: G/8405.

The Civil Service is an equal opportunity employer

The Patent Office is an Executive Agency of the Department of Trade and Industry

The Patent Office

SENIOR FINANCIAL MANAGERS
£300 MILLION RETAIL BUSINESS

These are new appointments within Budgens, the successful supermarket group with some 90 stores throughout Southern and Eastern England. Budgens is independent, growing and has a proven trading formula which is based on a combination of carefully chosen sites, product ranges and customer care policies.

MANAGER - FINANCIAL PLANNING AND CONTROL

WEST LONDON C£35K +CAR +BENEFITS

Reporting to the Financial Director this is an influential, high profile role which brings involvement in key decision making.

The role is to co-ordinate business plans, revenue and capital budgets and forecasts and to provide senior management with the information and advice they need to develop and run the business.

We are looking for a proactive individual, 28-35, who is a qualified accountant or an MBA who will be expected to make a major personal contribution to the performance and profitability of the business. A retail background is desirable.

DISTRIBUTION ACCOUNTING CONTROLLER

NORTHANTS C£35K +CAR +BENEFITS

We have recently established a major Distribution Centre near Wellingborough, Northamptonshire. The Centre features state-of-the-art systems and technology and represents a major investment aimed at achieving a significant business advantage for us.

As a key member of the distribution management team you will report to the Distribution Director while maintaining strong links to the Financial Director. The principal role of this position is to formulate business plans and budgets and to provide control information to monitor performance against these. You will participate as a key member of the management team providing input to all major decisions.

A formal qualification is required together with experience in costing techniques and control in a similar environment.

Please write with full C.V., clearly indicating which post you are applying for to: Alastair Graham, Personnel Director, Budgens Stores Ltd, PO Box 9, Stonefield Way, South Ruislip, Middlesex HA4 0JR. Tel: 081-422 9511.

Budgens

STRATEGIC CONSULTANCY

Central London ACA to £45,000 + Car

Recognised as one of the world's most prestigious and best known management consultants, our client has enjoyed impressive growth and sustained success in one of the most competitive industries.

In order to maintain this growth, they now require an exceptional individual to join their organisation.

Applicants will be aged between 26-32 and have:-

- A minimum of a 2:i degree
- Qualified with first time passes as an ACA with one of the major international practices, and have reached Assistant Manager/Manager level or achieved significant commercial experience.
- Exposure to special work; or secondments within the Corporate Finance, Banking department or exposure to a large international client in a commercial and decision-making role or secondments within the UK or internationally.

Successful applicants will work with the Senior Management of many of the world's largest and most successful corporations, helping them resolve the most complex and challenging issues they face. Excellent analytical, presentation and interpersonal skills are a prerequisite. The organisation provides exceptional career development over a short period of time.

Interested applicants should telephone Giles Daubeney on 071-437 0464, or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

FINANCIAL CONTROLLER

LONDON £32 - 35,000 + Car

Newly developed subsidiary of a commercially aware, well renowned leisure organisation requires its first Financial Controller.

Reporting directly to the Managing Director with dotted line responsibility to the Group Finance Director, this position carries a great deal of authority. As no strict financial systems have yet been developed you will need the knowledge and confidence to take control of the whole finance function with the assistance of a small team. At a later stage you will be expected to take on board business development, therefore a flair for this is essential.

Candidates sought will be aged between 28 and 40, qualified with at least 2 years PQE, ideally in commerce, although candidates looking for a first move from the profession will be considered if they are very commercially aware. The position requires a self motivated individual who will be happy working in a relaxed but entrepreneurial organisation.

Prospects within the group are excellent, alternatively candidates not wishing to aspire to great heights could have an equally rewarding career.

Please telephone or write enclosing a full curriculum vitae to:-

Sheila Carroll
David Chorley Associates
Hanover House
73-74 High Holborn, London WC1V 6LS Tel: 071 831 4447
Financial Recruitment Consultants

David Chorley ASSOCIATES A Division of Adia PLC
Hanover House, 73-74 High Holborn, London WC1V 6LS Tel: 071-831 4447 Fax: 071-430 1435

Financial Controller

Your expertise, our prestige
A winning combination

c. £33,000 + car

Well established in the business of distributing and marketing MAN and Volkswagen commercial vehicles in the UK, our success can be traced to a commitment to quality, reliability and integrity. We're now looking for a commercially-astute individual who not only embodies this philosophy but wants to develop it further in a progressive environment.

Based in Swindon, this is an excellent opportunity to join a forward-thinking senior management team responsible for the profitability of our Commercial Vehicle Division. It's a demanding role that will draw on your creativity and ability to make sound business decisions.

You will provide commercial, financial and administrative advice and professional support across the full management function. This involves implementing and monitoring procedures for achieving corporate and financial objectives and the process, control and reporting of all financial transactions by effectively managing financial relationships with suppliers, the dealer network and the division.

A talented people-manager, you should be a qualified accountant with at least five years' experience gained within a financial commercial environment. You'll also need excellent interpersonal skills to liaise effectively at all levels and a talent for motivating your staff.

We'll reward your expertise with an excellent remuneration package including fully-expensed car, private health insurance, 27 days' holiday, contributory pension scheme and, of course, assistance with relocation if appropriate.

Please send your cv, quoting reference 868DW/FT, to John Kelly, Employee Relations Manager, V.A.G (United Kingdom) Limited, Yeomans Drive, Blakelands, Milton Keynes MK14 5AN.

Trucks Vans-Buses

V.A.G

FINANCE MANAGER

Our client is a rapidly growing, British owned, international group with current turnover in excess of £100m.

Its ongoing success is clearly attributable to its ability to create increasing demand for its high quality branded products [illegible] imaginative marketing [illegible].

In response to [illegible] operations and [illegible] to [illegible] manage several [illegible] initiatives [illegible] has arisen for the [illegible] created position of Finance Manager.

Reporting to [illegible] Financial Controller, the responsibilities of the role will cover:

- assisting in the ongoing development of the group finance function including systems, management reporting [illegible] recruitment
- financial administration of group [illegible] overheads
- creation and management of accounting systems for a new operating company
- providing a centralised purchasing and supply function on behalf of Marketing subsidiaries
- development and management of a new system of centralised billing for inter-company trading transactions and its currency/treasury aspects
- preparation of budgets, monthly management reports and annual statutory accounts for each of the above areas.

This broad based role requires that candidates should be qualified accountants, ideally aged 27-33, who can clearly demonstrate a self-motivated and commercial approach.

Strong technical skills, combined with good interpersonal and communication skills and the ability to be both 'hands on' as well as take the broader overview are essential and some exposure to treasury would be an advantage.

For further information please contact Shirley Knight on 071-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and note of current salary.

W. London

c.£27-29,000

+ car

FMS

Financial Controller

Office Furniture Systems **c£35,000**
London **+ Car & Bonus**

Vitra is an established European company, headquartered in Switzerland, which specialises in the design and production of high quality office furniture. The UK subsidiary, based in Mayfair, London, has established an excellent reputation over the last six years. It has built up a 'blue-chip' client base achieving sustained growth in a competitive market. To help maintain this success the UK subsidiary now needs to recruit a Financial Controller to join the management team.

The Financial Controller will report to and work closely with the Managing Director, and consequently will be involved in all aspects of commercial decision making. The role carries full responsibility for the finance function, including financial and management accounting, treasury and company secretarial functions, as well as computer systems development and project management. The Financial Controller will also liaise with professional advisors and travel within Europe.

Candidates should be qualified accountants with at least two years' post-qualification experience, preferably gained in a commercial environment. Aged between 28 and 35, candidates will possess excellent communication skills and commercial flair, and will be computer literate. The ideal candidate will also have a confident and dynamic style, coupled with a proactive approach to *problem solving and the ability to develop* beyond the immediate role.

A salary of c£35,000 is offered, together with a bonus and a company car and the normal benefits for a position at this level.

vitra

Please write, enclosing full career details to:
David Williams, Managing Director, at the address below.
Vitra Limited, 13 Grosvenor Street, London W1X 9FB.

GROUP FINANCE MANAGER

Financial Services

Bournemouth **c.£60,000+excellent benefits**

Regency & West of England and Portman Wessex Building Societies have recently had their members' approval for their merger proposals. Subject to the confirmation by the Building Societies Commission the merger will be effective from 1 October 1990. The merger will create a regional society amongst the largest in the country and certainly one of the strongest.

This is a new executive level appointment for a business orientated finance professional with outstanding leadership qualities, who will be responsible for all financial affairs, and play an active part in the formulation of corporate strategy, working closely with the Chief Executive.

This substantial role has wide-ranging responsibilities encompassing:

- Involvement in policy formulation, strategic business planning and execution.
- Treasury management, including the development of investment and funding strategies to enhance group performance.
- Introduction of effective management information and control systems.
- Control of compliance, taxation and statutory accounting matters.

Candidates will be qualified accountants who can demonstrate successful career development, leading to a senior financial management role within a major financial institution. A business degree or MBA, though not essential, would be a distinct asset.

In addition to sound professional and organisation skills, candidates should possess the presence and credibility to establish strong relationships, both internally and externally, and a high level of strategic thinking ability. A creative and energetic approach will be essential to drive forward future developments and make a strong contribution to the success of the Group. This role clearly provides scope for achievement-orientated individuals seeking career growth.

Please write, in confidence, enclosing full career details to Anne Routledge, quoting reference 5908.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

GREYHOUND FINANCIAL SERVICES LIMITED

CREDIT DEVELOPMENT MANAGER

Central London

£32,000 + car, non-contributory pension scheme and discretionary bonus

Greyhound Financial Services Ltd., part of a worldwide group, thrives on innovative solutions to customers' requirements. We have teams dedicated to asset-based finance in aviation, general equipment, commercial and consumer secured lending. The need now is to bring together, formalise and develop their techniques of credit evaluation and administration.

Reporting to the Chief Financial Officer, the successful candidate will advise marketing staff on the evaluation and structure of a variety of credits, pioneer new products and generally develop procedures and techniques on secured lending, so as to ensure that operations proceed in compliance with the highest commercial standards.

Candidates should have quality academic achievements followed by vocational banking or accountancy qualifications. Experience should include credit analysis and exposure to commercial lending in a regional office of a major clearing bank, international bank or other institution with a reputation for efficient operations. Quality interpersonal skills are sought including the natural authority which earns and keeps the respect of professionals and clients. Benefits and prospects need to be earned but are first class.

Candidates should submit in confidence a comprehensive C.V. to:
Miss Karon McGovern, Greyhound Financial Services Ltd., 11 Albemarle Street, London W1X 3HE.

THE COMPANY OPERATES A NO SMOKING POLICY.

NO AGENCIES PLEASE.

GREYHOUND

UNIVERSITY OF READING
LECTURESHIP IN FINANCE

Applications are invited for a Lectureship in Finance in the Department of Economics from 1 October 1990. The successful candidate will be expected to show a strong commitment to research in finance, and to teach on undergraduate and postgraduate courses. Candidates require a strong background in either economics, statistics or mathematics, as well as relevant skills in finance. Salary scale £10,458 - £15,372 p.a. (Grade A) or £16,014 - £20,469 p.a. (Grade B) - under review - plus USS benefits. Further particulars and application forms (2 copies) are available from Personnel Office, University of Reading, Whiteknights, PO Box 217, Reading, RG6 2AH. Telephone (0734) 318751. Please quote Ref. AC. 9029. Closing date 4 June 1990.

PQE

LONDON W1 **c£25,000**

Qualified Accountant

A unique niche market in the satellite broadcasting industry is about to be exploited by this young entrepreneurial business. With extensive overseas backing, the company looks forward to reaping the benefits of this exciting new industry. Role encompasses all aspects of financial/management accounting plus ad hoc duties. Ref: 18LJF006

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 071-489 9997

N. SURREY **£25,000**

Project Accountant

Hi-tech electronics manufacturer offers an influential position which features total financial control of a range of projects. Your brief will include cash planning, budgets, forecasts, performance reports, pricing and financial analysis. You will also have responsibility for staff supervision / development, WP reviews and preparation of preliminary results. Ref: 4045D2

Contact The Manager at 1 Cambridge Walk, Camberley 0276 22232
Or the PQE Specialist advising on this appointment on 071-489 9997

ESSEX c£25,000 + prestige car

Divisional Accountant

Having consistently experienced sharp rises in profitability, this company is a leader within its field in the distribution industry. The position involves financial and management reporting for approximately 20 outlets and assumes responsibility for analysing the financial position of the division. Ref: 18LJF007

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 071-489 9997

N.W. KENT **c£26,000 + car**

Commercial Accountant

Challenging, innovative approach to business sought by major leisure group. Working at the sharp end of operations, you will make key contributions in product profitability, analysis of brand margins and the viability of new product development. Rolling forecasts and reports on international operations complete an exciting picture. Ref: 6185A2

Contact The Manager at 28 High St, Bromley 081-290 6688
Or the PQE Specialist advising on this appointment on 071-489 9997

WINDSOR c£25,000 + car

Chief Accountant

Career role for a young qualified who possesses the drive and ambition to become Financial Director of a small PLC. This shirt-sleeves opportunity with a publishing company is a staff management position carrying responsibility for annual accounts, budgets, forecasts, PC systems development and commercial decision making. Ref: 6685B3

Contact The Manager at 9 Peascod Street, Windsor 0753 851447
Or the PQE Specialist advising on this appointment on 071-489 9997

SURREY **c£30,000 + car**

Financial Controller

A vital role based at the Head Office of this international financial service organisation. This position will stretch both management and technical ability as you assimilate and process financial information from around the world, constantly improving information chains to cope with record profits and ever expanding operations. Ref: 34320

Contact The Manager at 52 George St, Croydon 081-680 4034
Or the PQE Specialist advising on this appointment on 071-489 9997

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CHARTERED ACCOUNTANTS

Technical Training Manager

Package to £40,000 ***EC1*** ***Partnership Prospects***

Well established and rapidly growing London practice Cape & Dalgleish, is a 15 partner firm of chartered accountants. Their fee income has increased dramatically in the last few years and this has led to the recent opening of additional purpose built offices in Farnham, Surrey.

To support this growth, a new position of Technical Training Manager has been created to consolidate existing arrangements. A qualified ACA with a minimum 18 months' PQE in a related capacity is required to manage and expand the technical training function. Your immediate focus will be on the total review of all of the firm's technical systems and audit programmes. In addition you will design and deliver high quality training courses covering graduate training and CPE courses for partners and staff. The position offers considerable variety and exposure to other areas of activity within the firm, including recruitment for the firm and its clients. You will also provide clients with technical courses and advise them on specialist matters.

Future prospects are excellent as the position will have an exceptionally high profile within the firm. Partnership prospects, subject to satisfactory performance, are available to the successful candidate in the short/medium term. Suitable applicants should come from a training organisation or have had exposure to a practising firm's technical/training department.

For more information, please contact the advising consultant Christopher Kidd on 071-404 3155. Alternatively, write to him at Alderwick Peachell & Partners Ltd., 125 High Holborn, London WC1V 6QA. Fax: 071 404 0140.

Alderwick and Peachell & PARTNERS LTD

FINANCE MANAGER

CONSUMER GOODS

SURREY TO £35,000

An international name, represented in the UK by a small closely-knit team responsible for all UK marketing and distribution, our client is aiming to significantly increase its penetration into the UK over the next three years. To assist in this development the company is seeking to recruit a commercially oriented accountant to take responsibility for all accounting and administration functions.

Reporting directly to the Managing Director, and a member of the Management Committee, the Finance Manager will be responsible for the Financial and Management Accounts, Data Processing, Personnel, Facilities and Company Secretarial matters. A new computer system will be the choice of the Finance Manager and its selection and successful implementation is an important aspect of the job.

The Managing Director is looking for someone with experience of all aspects of the role, preferably within a similar environment. This experience should be backed by a degree, an accountancy qualification and the personal qualities necessary to fit into this young, energetic and demanding team.

Interested candidates should forward their career details, in confidence, to Mark Scott at Harper Franklin, Management Search, 7 Belgrave Road, London SW1V 1QB quoting reference 90/20/FT1.

Harper Franklin MANAGEMENT SEARCH

Mirror Group Newspapers

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FINALISTS

LONDON Based **UP TO £23,000**

Mirror Group Newspapers is one of the world's largest and most modern newspapers groups.

With the launch of the European - Europe's first national weekend newspaper in full national colour, we have further established our position as leaders in the development of the industry.

New titles bring new opportunities. Development and reorganisation has created three new appointments for top calibre accountants approaching final qualification.

Reporting to the Group Management Accountant the key responsibilities of these challenging roles will be:

- Preparation of profit forecasts
- Company overhead control
- Systems design
- Fixed asset control
- Ad-hoc projects

Ideally, in your mid 20's you will want to join a company which is geared to further and rapid expansion in the UK and overseas markets.

As part of a successful multi - national corporation there will be excellent opportunities for further career development throughout the Maxwell group of companies.

Please write enclosing a comprehensive resumé together with salary history to:

Pauline Donnelly
Recruitment Officer
Mirror Group Newspapers
Holborn Circus
London EC1P 1DQ.

FINANCIAL CONTROLLER

NORTH WEST
c. £28k + Car

Much is changing at the Milk Marketing Board. A new corporate identity has been developed for the Farm Services Division now named *Genus* and in the Autumn we plan to relocate to a new divisional headquarters in Crewe.

As Financial Controller you will have a major part to play in the success of this diverse and progressive operation.

Your role? To develop, manage and motivate an efficient accounting team through which you will implement financial policies and procedures and produce regular performance data for all *Genus*' activities. Strategic planning and the development of accounting systems will be important elements of your work.

Professionally qualified, your experience in financial and management accounting should be supported by good analytical and business skills. You should be at home in an environment which is substantially computer driven.

To find out more about this opportunity please contact David Fairall, Personnel Manager, Genus Personnel Division at the address below.

Genus

GENUS
PERSONNEL
THAMES DITTON
SURREY KT7 0EL
TELEPHONE 081-398 4101 ext. 3284

AN MMB BUSINESS

Capital Markets and Treasury Products

Financial Management

c£55,000 + Excellent Benefits Package

Our client is internationally recognised as one of the most innovative and successful investment banks. Their Capital Markets and Treasury teams are continually developing and trading new products and derivatives, which are becoming increasingly sophisticated.

A new position is now being created to manage and control this growth, whilst adding value to the sales and trading areas. This will be a senior appointment requiring extensive liaison with front office staff, in depth analysis work and involvement with product development.

The successful candidate will be a high achieving qualified accountant, aged to 36, with proven ability to manage complex issues under pressure in a results orientated organisation. Excellent product knowledge gained over a number of years in dynamic organisations and a flexible enquiring approach are prerequisites for this appointment.

Interested applicants should submit a full curriculum vitae to **Diane Forrester ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone on 071-831 2000.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

A large US manufacturing group with European Headquarters in Paris and a European turnover of over $300 million is currently looking for a

European Marketing Controller

Paris **420-450,000 FF**

Reporting to the European Finance Director, you'll be working with affiliate marketing companies located throughout Europe concerning their financial control and co-ordination of their activities. Particular emphasis will be placed on:

- the monthly financial reporting – comments and analysis
- reviewing monthly marketing/business issues and comments from subsidiaries
- the development and review of marketing subsidiaries forecasts and plans
- budgeting and controlling at the two headquarters' locations
- the follow up of audit report recommendations and implementation
- special projects and administration.

Ideally a qualified accountant, you'll have a strong background of several years' gained in a multi-national company. The successful candidate will also be familiar with US GAAP, have strong communication skills, an international outlook and fluent English. Travel within Europe plus occasional visits to the USA will be a regular part of the assignment.

For more information please write, enclosing your full CV and salary details, to
Paul Mercier, Michael Page,
30 bis rue Spontini,
75116 Paris, France.
Please quote reference PM5631 FT.

Michael Page International
Financial Recruitment Specialists
London Amsterdam Eindhoven Brussels Antwerp Paris Lyon Sydney Melbourne

Accountant

(Opportunity for a junior accountant to develop a career internationally)

ZURICH

Computer Services Industry

Our client is an autonomous subsidiary of a multinational corporation, active worldwide with revenues in excess of $5 billion. Acknowledged as leaders in information technology services, they have an excellent reputation for quality with an established blue chip client base. They are renowned as an aggressive sales and marketing led organisation.

They seek a commercially orientated accountant with a few years experience to maintain the company accounts of two legal entities and give assistance to senior management with ad hoc assignments.

This is a small but congenial office environment where achievers can be expected to be given increasing amounts of responsibility and develop a career internationally.

You must either be a Swiss national or have a valid permit to work in Zurich, be fluent in English and have a good working knowledge of German.

Interested candidates should write in confidence to:
Nicholson International (Recruitment Consultants),
142 Buckingham Palace Road, London SW1W 9TR
quoting reference 9119 or fax details on 44 071 823 6835
or call directly on 44 071 730 8910 for an initial discussion.

NICHOLSON INTERNATIONAL

Senior Management Accountant

A key management role in a leading British independent oil company.

Excellent salary + car + benefits

We are a growing exploration and production company, currently enjoying remarkable expansion in the UK, Europe and internationally. We are operator for three significant field developments in the North Sea, have active exploration interests worldwide and participate in several non-operated producing, appraisal and development fields.

Our success is creating growth throughout the business, placing increasing importance upon the accounting teams to ensure that effective financial controls are maintained.

Leading a team of eight staff and reporting directly to the Controller, you will be responsible for all budgeting, forecasting, financial reporting and supporting records for the UK company and for international subsidiaries. You will control and maintain databases used for economic analyses and tax planning, supervise and control the General and Payables Ledgers and ensure the effective development and maintenance of systems.

This is a highly visible, senior role within the Company, involving considerable liaison at all levels of management both internally and externally. You should be a Qualified or possibly Finalist CIMA or ACCA with at least 5 years' commercial experience that demonstrates your ability to lead and supervise others. Experience within the oil industry, or a similar engineering or service environment, would be preferred and a knowledge of treasury and multi-currency accounting would be an advantage.

The position has arisen as a result of the current job holder transferring to our American affiliate. The role therefore offers someone the scope to make a significant personal impact upon our continued growth and success plus the opportunity for development on an international scale.

Please send full personal and career details to:
Stephen Cole,
Personnel Manager,
Ultramar Exploration Limited,
Adelaide House,
626 Chiswick High Road,
Chiswick, London W4 5RS.
Tel: 081-994 5556.
Fax: 081-994 9871.

Ultramar

A SPECIAL KIND OF MAGIC

A2/M25 junction **neg mid/high £20Ks**

ELECTROSONIC is the world leader in total systems for controlling light, sound, images, animated figures and other special effects. The company, which has a blue-chip client base, has produced magical effects in theme parks, animated displays, hotels and other leisure complexes worldwide. With T/O at around £20M (28% average annual growth over the last three years), subsidiaries in USA, Holland, West Germany and Canada and associated companies in the Far East, it is poised for further growth and success. The Finance Director now seeks a Financial Controller to support him in the financial management of this exceptional business.

He or she will be a young, ambitious, qualified accountant (any persuasion), who is thoroughly at home with computers and is capable of interpreting the numbers commercially. Experience is not a factor here – rather do we seek someone with the determination, enthusiasm and potential to grasp what is a rare opportunity for career development in a global industrial environment. Non-smoker. Age mid/late 20s.

Salary negotiable in the mid/high £20Ks depending on age and experience. Fully expensed car. Pension. Life insurance. Plenty of growth in the offing – both corporate and personal.

Please write with appropriate details to the company's recruitment consultant: David Mackintosh, Mackintosh Enterprises, 7 Dower Park, Windsor, Berks SL4 4BQ quoting Ref: DM/590.

Me

WEST LONDON **c.£30,000 + QUALITY CAR**

Group Financial Controller

For a successful and expanding group operating in the UK and Scandinavia in direct marketing and database publishing. Founded in 1984, the Group now has a turnover of around £30m and some 400 staff. It contains one of the leading direct marketing advertising agencies in the UK and the dominant supplier of business directories to the Norwegian market.

Reporting to the Group Finance Director and in a 'hands-on' role, you will be responsible for preparing regular management information for the Board and for the year end consolidation. You will also be involved in budgeting, tax planning and the development of management information systems. You will work closely with the Group's senior executives and there will be regular travel to Scandinavia.

A qualified accountant, you should have a first class track record and at least two years' post-qualification experience, preferably involving consolidations and accounting for overseas subsidiaries.

Please send full personal and career details, including *current remuneration level and daytime telephone* number, in confidence to Robin Alcock, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference RA701 on both envelope and letter.

Coopers & Lybrand Deloitte Executive Resourcing

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL ANALYSTS

– gain considerable exposure at a Multi-National, Head Office level

Stoneleigh, Warwickshire Negotiable Salary + Car

The role of a Financial Analyst within Massey-Ferguson's Group Head Office is extensive, exacting and critical. The changing needs of the business dictate an approach to financial analysis that is both flexible and imaginative. This means you'll be expected to go beyond the usual confines of responsibility . . .

. . . harnessing Management Information for Massey-Ferguson's activities across Europe and North America and consolidating the results; identifying business trends and adverse trading factors and compiling special reports on specific areas.

As a qualified or part qualified Accountant, preferably CIMA, your management accounting experience will have taught you that it's the bottom line that really counts. Your analytical abilities and business acumen will always be used to the full.

At Massey-Ferguson you'll have the responsibility you need to prove your expertise. You'll find the pace that matches your energy and the scope to develop your skills fully. In no time at all you should be pushing for promotion within the Massey-Ferguson worldwide organisation . . . and achieving it.

In addition to a negotiable salary, which is dependent upon experience, you can expect a comprehensive benefits package. Generous relocation assistance is also available where necessary.

Please send a full CV to: Mary-Rose O'Mahony, Personnel Specialist, Massey-Ferguson, PO Box 62, Banner Lane, Coventry, CV4 9GF.

MASSEY-FERGUSON

Regional Chief Inspector (UK)

Major Banking Group
ACA, 28-32 c£40,000 plus benefits

This is a new, strategically important position with one of Britain's largest Banking Groups. Reporting to the Group Chief Inspector, it will entail both the leadership of the U.K. inspection team — conducting high level reviews of operating departments and subsidiaries — and responsibility for the development of professional standards throughout the inspection function worldwide.

The appointee will probably have 4-6 years post-qualification experience with a leading firm of Chartered Accountants. Attributes should include skills in man management and a firm understanding of the contribution which the highest standards of practice can make to the commercial success of a substantial organisation. An existing specialisation in the financial sector would be an advantage but is not essential.

Salary is negotiable and the benefit package includes car, mortgage subsidy and bonus. Prospects within the group will be excellent.

Please write in confidence, enclosing career details and quoting reference 655/1, to Nigel Halsey, Managing Director, at the address below. Telephone 071-495 4446.

The Halsey Consulting Partnership
34 Brook Street, Mayfair, London W1Y 1YA

HAMPSHIRE

PACKAGE c.£32,000 + F/E CAR + PARTICIPATION

Accounting Manager

Our client has long been a leader in its specialist sector of the financial services market, where through dynamic management, it continues to promote profitable growth in excess of 25% per annum. The Company, an autonomous part of a major services and leisure organisation, has achieved an outstanding reputation for the quality of its products and services.

Based at the Corporate Headquarters, this key management role will be a major influence on the organisation's financial issues, with high visibility which includes handling a variety of important relationships and assignments. Direct responsibilities will include reviewing, consolidating and presenting financial and management information; managing the preparation of financial statements, forecasts and statutory accounts; advancing and developing financial systems and controls and providing technical leadership and advice to subsidiary operations. There is considerable scope for rapid advancement within the Group.

Applicants should be experienced in UK reporting and able to demonstrate a sound record of achievement, ideally within the financial services sector. The technical competence and personal standing to deal independently at a senior level is essential. The successful candidate will probably be a chartered accountant in the age range 27-33. Relocation assistance is available where appropriate.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE819 on both envelope and letter.

Coopers & Lybrand Deloitte Executive Resourcing

Finance Director

Consumer Products

c. £45,000 + Bonus — Midlands

A rare opportunity for a first class finance professional to achieve a major career success with a fast-growing division of a highly regarded British public company.

THE COMPANY

◇ Fast growing business with a turnover exceeding £100 million. Planning to accelerate growth.

◇ Requires excellent financial direction to maximise the future business performance and profitability.

THE POSITION

◇ Responsible to Managing Director for financial management and strategy.

◇ Design and implement effective financial systems, budgeting, planning and reporting.

◇ Full participation in overall business strategy.

◇ High visibility opportunity for career success and advancement.

QUALIFICATIONS

◇ Chartered Accountant, aged 33-40 with successful track record of financial management.

◇ Strong computer-based systems and controllership experience.

◇ Good personal presence, leadership qualities and effective communication skills.

◇ Ability to demonstrate commercial acumen and the credibility to gain the support of colleagues in implementing change.

THE REWARDS

◇ Attractive base salary with substantial fringe benefits including performance related bonus.

◇ Significant career opportunities within the group.

Please write, enclosing full cv, Ref J9915
54 Jermyn Street, London, SW1Y 6LX

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SUPERVISOR JOINT VENTURE ACCOUNTING

London based role with a progressive British Independent Oil Company

Sovereign Oil & Gas is a successful British Independent oil company whose interests, in addition to being operator of the Emerald Field Development, include a number of North Sea Fields in production. The company also has a large number of exploration licences in the UK and overseas in Italy and Holland, with a mandate to seek opportunities for further expansion.

Reporting directly to the Head of the Accounting Group you will supervise a small, highly motivated team covering the full range of joint venture accounting functions in London, Aberdeen and overseas for the company's operated and non-operated ventures. Your duties will be varied, demanding and entail immediate accountability.

You will gain real benefits from working within a small organization – greater responsibility, easier communications and a wider scope of activities.

Candidates must be qualified accountants, preferably graduates with a minimum of 5 years' post qualifying oil industry joint venture accounting experience, some of which will ideally have been gained with an operator. They should have good communications and organizational skills and the ability to motivate and direct staff. A sound knowledge of computer based accounting systems is desirable.

The position is based at the company's modern offices at Chelsea Harbour and offers an attractive salary and comprehensive benefits package which includes company car, private medical insurance and company share schemes.

To apply, please write with full CV, <u>including salary details</u> to: David Lloyd, SMCL Oil & Gas Limited, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Fax: 071-222 3445.

SOVEREIGN

SMCL OIL & GAS RECRUITMENT

FINANCIAL DIRECTOR DESIGNATE

YORKSHIRE — *c £35,000 + BONUS + CAR*

Our clients are part of an International Group that has had major success in manufacturing and selling branded consumer products direct to the public, with a current turnover of around £50M, and aiming for considerable growth in the next few years.

Reporting to the Chief Executive, the successful candidate will be expected to make a significant contribution in driving forward business performance, and will assume full responsibility for all aspects of financial management.

The successful candidate will be a qualified accountant, aged 30-40, with a strong track record in financial management, preferably in a manufacturing and/or retail organisation. Experience at senior level in management reporting, costing, budgeting and financial controls must be combined with a high degree of commercial awareness.

The remuneration package will include a profit related bonus, car and other executive benefits.

Please write, in confidence, enclosing full career details to: Mr K Fallon, Managing Director, Clarke Lee & Nightingale, 103 The Parade, Swinton, Manchester, M27 2BJ.

CLN
CLARKE LEE & NIGHTINGALE LIMITED
EXECUTIVE RECRUITMENT

QUALIFIED ACCOUNTANT

SAUDI ARABIA

Due to a recent promotion an exceptional opportunity has arisen in METITO, the internationally renowned water treatment and environmental engineering group with a long established major subsidiary in Saudi Arabia. We would like to hear from Qualified Accountants aged around 30 who are interested in developing a career in the Middle East.

THE POSITION

Assistant to the Vice President for Finance and Administration. He will understudy the Vice President and as such get heavily involved in financial controls, management reporting, treasury, OIS, office and personnel management.

THE APPLICANT

A university graduate with post qualification experience within the profession or industry. He must be technically strong in all aspects of accountancy, an executive type with drive, be conscientious, have outstanding communication and presentation skills, with a talent for staff management, firm but diplomatic and have the capacity and ambition to grow into a senior position.

THE REWARDS AND PROSPECTS

An attractive tax free salary with free housing, paid home leave, free medical and life coverage, car allowance and return airfares.
This is a career position and the prospects for the right candidate both in Saudi Arabia and elsewhere are excellent.

Only applicants who meet the above requirements and can demonstrate a successful track record need apply. Applicants with a detailed c.v. with salary history and a passport size photograph should be submitted to;

Personnel Manager, METITO (UK) LTD, Olympic House, 196 The Broadway Wimbledon, London SW19 1RY, England. Fax: 081-543 8677

FINANCIAL DIRECTOR

– ready for General Management responsibility –

South Midlands — c.£40,000 + bonus + car

This is the ideal opportunity for someone who has already proved himself/herself as a Financial Director and is now ready to broaden into general management and play a major role in the running of a substantial business, including providing strategic direction.

The successful candidate will be a qualified accountant with genuine commercial flair and a high level of interpersonal skills. Likely age is early to mid-30s. Part of a major group, the Company is a multi-million pound agriculturally based business, long established, successful and expanding, with a reputation in the market place for exceptional quality. Salary is negotiable around £40,000 plus bonus and car.

This is an important appointment in its own right, but there are also excellent opportunities for further career progression in this very dynamic major group.

Please write with full career details to: Vincent Lyddieth, James Allen & Associates Limited, Stanleigh House, Chapel Street, Donisthorpe, Burton-on-Trent, Staffordshire DE12 7PS.

JAMES ALLEN
& ASSOCIATES LIMITED
EXECUTIVE & MANAGEMENT SEARCH & SELECTION

FINANCIAL DIRECTOR (Designate)

We are one of the country's leaders in specialist knitwear design and production driven by our highly successful branded *wholesaling and separate retailing* companies.

The company has ambitious plans for the future and an enviable track record of profit growth and now seeks to recruit a Financial Director with specific experience over a period of years in the retail sector, preferably in textiles.

The successful applicant will be professionally qualified, computer literate and should be accustomed to operating at Director level. A Board position will be available after a trial period.

A significant package will be offered to attract the right individual.

Situated in a beautiful rural location on the edge of the Lake District, there is an obvious 'quality of life' benefit.

MARK BIRKBECK & CO. LTD

Apply in writing to: The Personnel Manager, Mark Birkbeck & Co. Ltd., Bridge Mill, Cowan Bridge, Carnforth, Lancashire LA6 2HS.

Our Client, part of a major Blue Chip Group, is a market leader in the retail leisure sector. They seek an individual with potential to fill the role of:

FINANCIAL PLANNING ACCOUNTANT

Located at their Headquarters in the Southeast, the position reports directly to the Financial Controller.

The Company is fast growing and able to offer substantial career development prospects within one of the UK's Top 50 PLCs.

If you are currently studying or part qualified and have a flair for financial management with a desire to get to the top then we would like to hear from you.

Please write, in confidence, enclosing a current CV and daytime telephone number, quoting R292C to:

Management First Selection Limited, 9 Whitehall, London SW1A 2DD

Finance Director

City — to £60,000 + benefits

Our client, a leading US Securities company is currently looking to expand its already successful UK division into the 1990s. They have remained consistently profitable throughout the turbulence of the last two years and they are now looking to capitalise on their current market position.

Reporting directly to Senior Financial Management in the US, the appointee will assume overall responsibility for the company's UK financial and regulatory control. The role will consist of an interesting mix of "hands on" financial management and providing a real commercial contribution to the growth and business development of the company. It is envisaged that the role will develop into full Board status within one year of joining.

Ideally, candidates will be qualified accountants aged between 28 and 40 with proven senior financial experience within the Securities industry. Strong communication skills and an insight and interest in the Futures market are essential requisites for this challenging and exciting position.

Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number quoting reference number LM213 to Carol Jardine, Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

DIRECTOR OF FINANCE & ADMINISTRATION

Required for group of companies in Lagos, Nigeria with diversified range of manufacturing/trading activities.

Candidates to be chartered accountants aged up to 45 years with general management/administration experience at a senior level in an overseas location, preferably West Africa. Must have strong but pleasant personality able to effectively execute administration policy throughout individual group companies and control overall group financial affairs.

Responsibility will be directly to expatriate chairman/managing director. Salary and conditions will reflect the importance of the key role in the group.

Apply with full C.V. Details in writing to R. P. Woolf, No. 1 Riding House Street, London. W1A 3AS.

"INTERNATIONAL PEOPLE CREATING INTERNATIONAL BUSINESSES"

TI GROUP plc

Continental Treasury Manager

Total Earnings c. £40,000 — Oxfordshire

TI Group plc is a leading international producer of specialised engineering products with worldwide sales approaching £1 billion, and a substantial presence in Continental Europe. The Group enjoys a strong financial position and opportunities for further growth during 1990 and beyond are excellent.

The Group Treasurer now wishes to appoint to his team an experienced treasury professional to assume direct responsibility for treasury activities in Continental Europe. Key tasks will be to review the treasury needs of the TI Group subsidiaries there, to recommend, negotiate and implement improvements, and to manage specific treasury operations.

As the successful candidate, you will be educated to degree level, probably with a further professional qualification in treasury, banking or accounting, and you will have worked for at least three years in the international treasury team of a comparable organisation. You will have had experience of funding, liquidity and currency management, and of netting and pooling systems in Continental Europe. You will also have a good working knowledge of at least one European language other than English, ideally gained during a period of living on the Continent.

The job requires significant travel throughout Continental Europe, and you will have the motivation, maturity, and skill to operate with considerable independence, working closely with general and financial managers in many countries to devise and implement solutions to treasury problems within Group policies.

An attractive salary will be supplemented by a benefits package which will include a performance-related bonus, a fully-expensed car, a family education scheme, and, where appropriate, generous re-location assistance.

If you are interested in this position, please write enclosing a CV to Douglas Austin, Ref. 7155, MSL International (UK) Ltd, 32 Aybrook Street, London W1M 3JL. Tel: 071 487 5000.

MSL International

Finance Director

Software Publishing

c. £40,000 + Equity — Thames Valley

Successful, acquisitive European software publishing group seeks ambitious, young finance professional with drive, business acumen and first class financial management skills. Attractive and potentially very rewarding package.

THE COMPANY

◇ Autonomous European publisher for the fastest growing international, public p.c. software company. Most recent acquisition in progress brings turnover to over $75M.

◇ Continuing programme of acquisitions to broaden already extensive product base and geographic spread.

◇ Deep financial backing, highly motivated management team with an impressive track record of managing growth and profitability.

THE POSITION

◇ Reporting to the Chief Executive with full responsibility for financial management now and through a very exciting development phase.

◇ Review, upgrade and direct the systems and people to ensure effective operational control of rapid growth.

◇ Key tasks to integrate acquisition; manage growing operations and produce quality management information, analyses and forecasts.

QUALIFICATIONS

◇ Qualified accountant with at least 4 years experience in a senior financial management role.

◇ Knowledge of M&A, company financing, plc reporting and/or flotation would be an advantage.

◇ Confident, hands-on Manager, with the ability to think strategically and communicate clearly.

Please write, enclosing full cv, Ref SJ2089
Orion House, Grays Place, Slough, SL2 5AF

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Group Treasury Manager

London — c £40,000 + Benefits

Our client is a leading international food processing and trading Group with a turnover now exceeding £350 million and a commitment to becoming a dominant force within the food industry.

The increasingly complex treasury requirements of the Group have led to the creation of a new position, Group Treasury Manager. Reporting to the Group Finance Director, you will be responsible for developing and implementing a central corporate treasury strategy across the Group with particular emphasis on cash management, short term liquidity and foreign currency management.

You should be a graduate, aged 30-35 with a relevant qualification and have at least five years' experience in a corporate treasury or banking environment.

You should have a sound understanding of treasury and related accounting techniques coupled with good interpersonal and communication skills.

Please write enclosing a full Curriculum Vitae and daytime telephone number, quoting Ref: 427 to: Barry A Ollier, BA, ACA, Whitehead Rice Ltd, 43 Welbeck Street, London W1M 7HF. Tel: 071 637 8736.

Whitehead Rice

MANAGEMENT SELECTION

ALEC

Associated Electricity Supplies is a joint venture between Associated Heat Services PLC and Electricité de France. At an exciting time within the Electricity Supply Industry, ALEC has sole responsibility to advise EdF in the UK and is in the enviable position to expand its interests in the future. ALEC now seeks to build a team to exploit its substantial commercial potential.

FINANCIAL CONTROLLER

A unique opportunity in the Electricity Supply Industry

c. 28K + Car + Benefits — Wimbledon

Reporting to the Chief Executive, you will be the Senior Financial Executive within the Company. Your objectives will be to implement and manage the finance function of this new, but highly profitable organisation, representing the company at a senior level and contributing to the implementation of its commercial strategy. Your role will be key to the success of the management team.

Qualified as an Accountant, you will have:

- evidence of a successful career to date
- drive and initiative
- the ability to work effectively in a small team
- excellent accounting and technical skills
- P.C. literacy

The rewards, like the demands, are high and include an attractive salary, a fully-expensed executive car, private health care, an excellent pension scheme with free life assurance cover and the opportunities for personal and career development within a large Group.

Applicants, male or female, should send a full C.V. to the Managing Director, Mercuri Urval Executive Service, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN, quoting reference JG/70/90.

Mercuri Urval
Executive Service
(Licence No. SE/15308)

APPOINTMENTS WANTED

FINANCE DIRECTOR

Experienced Accountant seeks part-time or non executive assignments with small or medium sized companies in the London/Herts/Beds area.

Write Box A822, Financial Times, One Southwark Bridge, London SE1 9HL.

Treasury Accountant

Career Development Opportunity — Salary C£30K + Car
Management Buy Out — London Based

The small headquarters team of BPCC Ltd, the UK's premier printing group has played a key role in achieving a year of successful operation following a Management Buyout in 1989.

With well established cash management practices, careful control of working capital and sound investment of the Group's short term funds they have provided a strong base for the organisation's future development plans.

The role of Treasury Accountant, co-ordinating these vital functions between our ten decentralised Divisions with a combined turnover of £380 million is an ideal development opportunity for a young qualified accountant, looking for a period of corporate exposure with excellent career prospects.

First class communication skills, commercial flair and computer literacy are essential along with an understanding of the requirements of the Treasury function in a highly leveraged organisation.

If you feel you could meet the challenge please write with a brief career history to:
Ray Beecroft, Deputy Finance Director,

BPCC Ltd
282 Waterloo Road, London SE1 8RQ.

QUALITY & EXCELLENCE IN PEOPLE & PRINT

FINANCE DIRECTOR

General Management Potential

c.£35,000, car, bonus & equity prospects

East of Scotland

The brief is to recruit a business orientated Finance Director capable of rapidly progressing into general management with this market leading organisation, specialists in the design and manufacture of high quality capital equipment for the pharmaceutical, brewing, distillery and food industries. This progressive plc, with a turnover of £5 million is growing at 25% per annum and has established its business on technical innovation and expedient delivery of prestige turnkey projects.

Responsible for all aspects of finance, you will liaise closely with the Managing Director and contribute to the fundamental direction of the organisation. Supported by modern computerised management and control systems, you will have considerable freedom and autonomy to implement strategic and operational financial initiatives to support the business during this programme of organic and acquisitive growth.

Probably a graduate and aged over 28, you must be a qualified accountant with a track record of success and achievement gained at senior management level in a manufacturing organisation utilising computerised accounting procedures.

Strong man-management and leadership skills are essential, combined with the commercial acumen, determination and drive to fully realise the outstanding promotion prospects available with this group of companies.

Interested candidates should submit a comprehensive career resume quoting Reference 11094/FT. The confidentiality of all approaches is strictly guaranteed.

Varley Walker & Partners,
182 Portland Road, Newcastle-upon-Tyne, NE2 1DJ.
Tel: 091-221 0101 · Fax: 091-221 0842.

Varley-Walker
Human Resource Consultants

Divisional Financial Director

Bedfordshire — £40,000+

GEI INTERNATIONAL PLC is seeking a finance director for their packaging machinery division. The successful candidate will be responsible to the Divisional Managing Director for the financial planning and control of a number of internationally based subsidiaries and will also be closely involved in the strategic growth of the division by acquisition. He/she will be functionally responsible to the Group Finance Director and for the Finance Directors of the subsidiaries.

Applicants should be graduate qualified accountants, and have significant manufacturing experience preferably in the capital goods industry. A sound knowledge of IT is essential and experience of acquisition research and integration would be useful.

Good inter-personal skills are required for the position which offers an attractive basic salary, bonus scheme, fully expensed car and a range of executive benefits including share options and relocation where applicable.

Please write with full CV stating current earnings, to:
Mr W. A. Elms, Divisional Managing Director,
GEI Packaging Machinery Ltd,
42-44 West Street, Dunstable, Beds. LU6 1TA.

GEI

Chief Accountant

£25,000 — London

Save the Children is the UK's largest international voluntary agency in its field, with programmes in some 50 countries and a well established project base in the UK.

To finance our work, we depend upon support from the general public, volunteers in over 800 local branches in the UK, the corporate sector, local authorities and central government.

The Finance Department provides accounting and information services to the whole of The Fund worldwide. As Chief Accountant (deputy to the Finance Director) you will direct the department's work in response to changing situations within The Fund – and advise other departments on financial matters to safeguard the Fund's assets and reputation. You will have the responsibility, too, for overseeing our new general ledger system and the implementation of a new supporter system within the next 12 months.

A qualified accountant (ACA, CACA or equivalent) with at least seven years experience in financial management, you will need to become familiar with the complex technical issues that face charities. Your skills will also include the ability to manage and motivate your 30-strong team.

This position presents a marvellous and rare opportunity for the right individual to be involved with this high profile organisation. It's a role that will involve some travel, too, both in the UK and overseas.

For an application form please write to: Wendy Gay, Personnel Officer, SCF, 17 Grove Lane, London SE5 8RD.

Closing date: 8th June 1990.

SCF aims to be an equal opportunities employer.

Save the Children

Ambitious Financial Controller
(North East London)
(Director - Designate)

circa £ 30,000 package

We are looking for a qualified accountant in his/her mid thirties with good communicative skills, to take control of the financial and administrative function of a specialised operation with numerous retail outlets.

Experience with computers and EPOS systems, and the ability to understand the requirements of the business, will serve to enhance the liaison that is needed with the entrepreneurial Chariman and his team.

Please send replies and full CVs to A824, Financial Times, One Southwark Bridge London SE1 9HL

CORPORATE FINANCE EXECUTIVE

c.£29,000 + Car + Benefits

City

Our Client is the investment arm of an overseas parent. A stand alone subsidiary, the company has three active Corporate Finance Directors, all with merchant banking backgrounds. The company is looking for acquisitions in the UK, USA and Europe.

The role will involve:

- Market research.
- Identification of targets.
- Valuations.
- Due diligence.
- Negotiations and contracts.
- Finance structuring.
- Post acquisition reviews.

Candidates will be graduate ACA's with experience of corporate finance, corporate recovery or investigations. Good communication skills and a willingness to learn quickly are essential.

Please apply directly to Jonathan Wilkinson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone 071-836 3545 or evenings on 081-672 0967. Alternatively, fax your details on 071-836 4942.

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RH ROBERT HALF LONDON

MANAGEMENT ACCOUNTANT

The European subsidiary of a US Chemical company, based in Gerrards Cross, Bucks. requires an ambitious young accountant.

Main responsibilities will cover management accounting and analysis. Candidates will be qualified or finalist accountants with 3-5 years Commercial experience, be computer literate with programming experience and must also have experience of Lotus spreadsheets.

The position offers excellent career progression in an expanding company for a high calibre individual, and an attractive benefits package (subject to experience).

PLEASE SEND DETAILED C.V. TO:

Miss Julia Maskell
Great Lakes Chemical (Europe) Ltd
Sterling House, Station Road
Gerrards Cross, Bucks SL9 8EW
Telephone: 0753-889980

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